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ABSTRACT

This document contains a record of the oral and written testimony of witnesses at a Chicago (Illinois) Congressional hearing on the Job Opportunities and Basic Skills (JOBS) Training Program. Witnesses at the hearing included officials from various Illinois programs funded by the JOBS program, government officials, and unemployed persons. They testified that the high state match of funds and services works against the successful implementation of the JOBS program and the requirements of the Family Support Act of 1988 are burdensome. Witnesses noted that in times of recession, the states simply do not have enough money to set up the matches for federal funds. Witnesses also stated that the JOBS program's requirement that participants engage in 20 hours per week of education is unrealistic because most literacy programs or postsecondary programs require less than 20 hours of classroom work but presume home study time. The 20-hour rule works against participants improving their skills. Proposed changes in the JOBS legislation to lessen the amount of state money required and to make program requirements more flexible are included in these proceedings. (KC)

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JOB OPPORTUNITIES AND BASIC SKILLS TRAINING PROGRAM

ED356321

HEARING

BEFORE THE

SUBCOMMITTEE ON HUMAN RESOURCES

OF THE

COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES

ONE HUNDRED SECOND CONGRESS

SECOND SESSION

CHICAGO, ILLINOIS, MAY 29, 1992

Serial 102–132

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JOB OPPORTUNITIES AND BASIC SKILLS TRAINING PROGRAM

FRIDAY, MAY 29, 1992

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON HUMAN RESOURCES,
Chicago, Ill.

The subcommittee met, pursuant to call, at 9 a.m., in conference room 331, Ralph Metcalfe Federal Building, Chicago, Ill., Hon. Dan Rostenkowski (chairman of the committee) and Hon. Thomas J. Downey (acting chairman of the subcommittee) presiding.

[The press releases announcing the hearing follow:]

FOR IMMEDIATE RELEASE
FRIDAY, APRIL 3, 1992

PRESS RELEASE #17
SUBCOMMITTEE ON HUMAN RESOURCES
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
1102 LONGWORTH HOUSE OFFICE BLDG.
WASHINGTON, D.C. 20515
TELEPHONE: (202) 225-1025

**THE HONORABLE DAN ROSTENKOWSKI (D., ILL.),
CHAIRMAN, COMMITTEE ON WAYS AND MEANS, AND
THE HONORABLE THOMAS J. DOWNEY (D., N.Y.), ACTING CHAIRMAN,
SUBCOMMITTEE ON HUMAN RESOURCES, COMMITTEE ON WAYS AND MEANS,
U.S. HOUSE OF REPRESENTATIVES,
ANNOUNCE A FIELD HEARING IN CHICAGO, ILLINOIS,
ON THE JOB OPPORTUNITIES AND BASIC SKILLS (JOBS) TRAINING PROGRAM**

The Honorable Dan Rostenkowski (D., Ill.), Chairman, Committee on Ways and Means, and the Honorable Thomas J. Downey (D., N.Y.), Acting Chairman, Subcommittee on Human Resources, Committee on Ways and Means, U.S. House of Representatives, today announced that the Subcommittee will hold a hearing on the Job Opportunities and Basic Skills (JOBS) training program. The hearing will take place on Friday, May 29, 1992, beginning at 10:00 a.m., in Conference Room #331 of the Ralph Metcalfe Federal Building, at 77 West Jackson Street, Chicago, Illinois.

BACKGROUND

The Family Support Act of 1988 established a new employment, education and training program for recipients of Aid to Families with Dependent Children (AFDC, or welfare) benefits, called the JOBS program. The JOBS program is designed to help needy families with children reduce the degree to which they depend on AFDC for income and to avoid long-term enrollment in the program. Federal funding for JOBS program costs is available as a capped entitlement. States are required to match Federal spending, at a rate that varies by State, but generally is no more than 40 percent (except for certain administrative costs, which States must match at a rate of 50 percent).

The State of Illinois implemented its JOBS program, called "Project Chance," in April, 1990, six months before the implementation date requirement established in Federal law. Project Chance operates statewide. State JOBS programs must include educational activities, job skills training, job readiness activities, job development and job placement, and supportive services. In addition to these components, Project Chance includes job search, work supplementation, on-the-job training, and community work experience. Project Chance also offers post-secondary education to certain JOBS participants.

On December 2, 1991, the Subcommittee on Human Resources of the Committee on Ways and Means, held an oversight hearing on selected issues relating to the AFDC and JOBS programs. At the hearing, witnesses reported that State budget constraints have hampered the ability of many States to draw down their share of available Federal funds under the JOBS program. In fiscal year 1991, State obligations totaled only 60 percent of the $1 billion in available Federal funds. The State of Illinois was able to obligate only 46 percent of its share of the Federal JOBS entitlement ($54 million).

SCOPE OF HEARING

At the hearing, Members are interested in learning firsthand about Illinois' experience implementing Federal requirements of the JOBS program. In addition, Members are interested in learning what effect budget constraints, high unemployment and AFDC caseload increases have had on the need for employment, education and training services in Illinois, and funding for Project Chance.

(MORE)

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Members also are interested in receiving testimony on a proposal to increase the ability of States to draw down Federal JOBS funds during a recession. Under the proposal, during a recession year, a State would receive enhanced Federal matching funds for any JOBS obligations that are in excess of the State's obligations for the latest pre-recession year, up to the State's JOBS cap. Current-law matching rates would be maintained for obligations up to the pre-recession year levels.

Finally, Members are interested in receiving testimony on proposals designed to enhance the ability of unemployed individuals to find and retain jobs and improve the skills and capability of the labor force.

DETAILS FOR THE SUBMISSION OF WRITTEN COMMENTS:

Persons wishing to submit written statements for the printed record of the hearing should submit at least six (6) copies of their statements by close of business, Friday, June 12, 1992, to Robert J. Leonard, Chief Counsel, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515.

FORMATTING REQUIREMENTS:

Each statement presented for printing to the Committee by a witness, any written statement or exhibit submitted for the printed record or any written comments in response to a request for written comments must conform to the guidelines listed below. Any statement or exhibit not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All statements and any accompanying exhibits for printing must be typed in single space on legal-size paper and may not exceed a total of 10 pages.

2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.

3. Statements must contain the name and capacity in which the witness will appear or, for written comments, the name and capacity of the person submitting the statement, as well as any clients or persons, or any organization for whom the witness appears or for whom the statement is submitted.

4. A supplemental sheet must accompany each statement listing the name, full address, a telephone number where the witness or the designated representative may be reached and a topical outline or summary of the comments and recommendations in the full statement. This supplemental sheet will not be included in the printed record.

The above restrictions and limitations apply only to material being submitted for printing. Statements and exhibits or supplementary material submitted solely for distribution to the Members, the press and the public during the course of a public hearing may be submitted in other forms.

* * * *

* * * CHANGE IN TIME * * *

FOR IMMEDIATE RELEASE
TUESDAY, MAY 26, 1992

PRESS RELEASE #17-REVISED
SUBCOMMITTEE ON HUMAN RESOURCES
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
1102 LONGWORTH HOUSE OFFICE BLDG.
WASHINGTON, D.C. 20515
TELEPHONE: (202) 225-1025

THE HONORABLE THOMAS J. DOWNEY (D., N.Y.), ACTING CHAIRMAN, SUBCOMMITTEE ON HUMAN RESOURCES, COMMITTEE ON WAYS AND MEANS, U.S. HOUSE OF REPRESENTATIVES, ANNOUNCES A CHANGE IN TIME FOR A FIELD HEARING IN CHICAGO, ILLINOIS, ON THE JOB OPPORTUNITIES AND BASIC SKILLS (JOBS) TRAINING PROGRAM

The Honorable Thomas J. Downey (D., N.Y.), Acting Chairman, Subcommittee on Human Resources, Committee on Ways and Means, U.S. House of Representatives, today announced that the Subcommittee hearing in Chicago, Illinois, on the Job Opportunities and Basic Skills (JOBS) training program will begin at 9:00 a.m. on Friday, May 29, 1992, rather than at 10:00 a.m. as previously announced. The hearing will be held in Conference Room #331 of the Ralph Metcalfe Federal Building, at 77 West Jackson Street, Chicago, Illinois.

All other details concerning this hearing remain the same. Please see Subcommittee press release #17, dated April 3, 1992, for those additional details.

* * * * *

Chairman ROSTENKOWSKI. The committee will come to order.

I want to welcome my colleagues to the city of Chicago, and our guests to this hearing on one of the most important issues facing our cities—the lack of jobs for inner-city residents. For the job market to work successfully, two things are required: employers with jobs to offer and applicants with skills.

Today, our focus is on how to ensure that residents of our Chicago neighborhoods have the skills that employers are looking for.

The Family Support Act of 1988 established a new employment, education and training program for recipients of Aid to Families with Dependent Children benefits. It is appropriately called the JOBS program. The JOBS program is designed to help needy families get off the welfare rolls and onto the payrolls.

Federal funding for the JOBS program costs is matched by State contributions of up to 40 percent of the total cost. This year, States have requested only 60 percent of the $1 billion in available funds from the Federal Government, largely because of State budget constraints. Here in Illinois, our State could afford to spend less than half the available amount.

It is a sad irony that today's recession simultaneously increases the need for this program and reduces the ability of the States to fund it. In an effort to resolve this problem, I have sponsored a proposal that reduces the required State match. That will make this program work as we in the Congress intended.

There is a lot of discussion today about how to improve the economy and quality of life in our inner cities. Putting people to work will go a long way toward solving many other problems. We are here today to discuss how the Federal Government can best help the people of our city get the work they want and need.

Before we begin, I would like to thank the League of Women Voters, especially Betty Willhoite and other members of the Chicago community, for their time and assistance in setting up this hearing.

Without objection, I will include in the record of this hearing a complete description of my JOBS proposal to the House leadership.

[The description follows:]

Modifications to the JOBS program
As Proposed by Chairman Dan Rostenkowski
to the Leadership of the House of Representatives

1. Increase State Access to JOBS Funds

(a) Enhanced match for fiscal year 1992. -- Each State would be subject to current law matching rates under the JOBS program for obligations in fiscal year 1993 up to the State's fiscal year 1991 obligation level. Obligations in fiscal year 1993 that are in excess of the State's 1991 obligation level would be matched at a higher Federal rate (90 percent), up to the State's JOBS cap.

(b) Carryover of funds from fiscal year 1991, to fiscal years 1992 and 1993. -- $100 million (approximately one-fourth) of the JOBS entitlement funds left unobligated for fiscal year 1991 would be made available for obligation by the States. States would have one year after the date of enactment to obligate these "carryover" funds, and no State match would apply to the carryover funds. The JOBS monies are important because States in this recessionary period did not use their full allotment. These funds would be used to increase employability of welfare recipients.

(c) Carryover of funds from fiscal years 1992 and 1993, to fiscal years 1993 and 1994. -- 50 percent of the entitlement funds left unobligated for fiscal year 1992, and 100 percent of the funds left unobligated for fiscal year 1993, would be available for obligation by the States for fiscal years 1993 and 1994, respectively. These "carryover" funds would be allocated to each State for a fiscal year based on its relative share of JOBS obligations for fiscal year 1991. The funds would be subject to the enhanced match in fiscal year 1993, and the current law matching rate in fiscal year 1994.

2. The "20-hour"rule. -- Revise the definition of participation for purposes of JOBS participation rates, to ensure that individuals who are satisfactorily participating full-time in educational activities are counted as participants.

The cost of all of these JOBS proposals together is approximately $400 million over five years ($600 million in new spending less $200 million in savings).

Chairman ROSTENKOWSKI. At this time, I will recognize the gentleman from New York, Mr. Downey.

Acting Chairman DOWNEY. Thank you, Mr. Chairman. It is a pleasure to be here with you today.

Before the ink was dry on the Family Support Act of 1988, the pundits began to explain why welfare reform would not work. Although the bill contained a substantial job opportunities and basic skills program and other provisions to help welfare recipients become self-sufficient, the critics said it was not enough.

They complained that the bill would force welfare recipients to search for jobs futilely, or to work off their benefits in demeaning, low-wage, dead-end jobs. Some said the program would not address the formidable barriers to work that welfare mothers face: the need for child care and health insurance coverage; the lack of self-confidence; the unfamiliarity with the workplace and standards of behavior; and the often chaotic home lives.

Despite this chorus of dissent, States have set up JOBS programs with education and training for those who are severely disadvantaged in the labor market and with job search assistance and work as the ultimate goal. As these programs are implemented, I believe it is important to ensure that the aim of the JOBS program remains what it was in 1988: to help AFDC recipients become self-sufficient before they fall into the trap of dependency.

At a time when scapegoating has become all too popular and welfare bashing is an all too convenient response to problems, the success of the JOBS program is more important than ever. I look forward to hearing from today's witnesses about Project Chance here in Illinois, and I am especially interested in hearing what the Federal Government can do to assist in the implementation of this vital and successful program.

Chairman ROSTENKOWSKI. I would like to introduce my colleagues who are joining me here this morning for this hearing. The gentleman to my left needs no introduction. He is an outstanding Member of the House of Representatives and member of the Ways and Means Committee, Marty Russo, a Member of Congress from Illinois.

On my extreme right is a gentleman who serves us very well. He is a doctor who has served on the Ways and Means Committee for several years, Dr. Jim McDermott of Washington.

And on my immediate right is the young subcommittee chairman of the outstanding subcommittee on Human Resources, Tom Downey of New York.

I would like the witnesses when they take the witness stand, to identify themselves for the record and then proceed into their testimony.

STATEMENT OF JOSEPH ANTOLIN, DEPUTY DIRECTOR FOR FIELD OPERATIONS, ILLINOIS DEPARTMENT OF PUBLIC AID, ON BEHALF OF PHIL BRADLEY, DIRECTOR

Mr. ANTOLIN. Good morning. My name is Joseph Antolin. I am here representing Director Phil Bradley. He is caught up in a controversy regarding Medicaid assessments, which I believe the subcommittee is probably very familiar with as well.

I will not go through all of my testimony, which is rather lengthy.

Chairman ROSTENKOWSKI. Without objection, your entire statement will be included in the record.

Mr. ANTOLIN. Thank you.

To start with, I would like to strongly support the concept of either a block grant or an enhanced match and 90 percent match methodology to assist the State of Illinois to draw down more of the dollars to provide services to JOBS clients, AFDC clients in our State.

We need to have an assertive response to the national recession which is causing our rolls to swell to record levels. We have never had as many people needing public assistance in this State as is currently true today.

The one thing I would say is the block grant or the enhanced match should not tie the State with a whole series of new requirements, and should be available for training, childcare, transportation, for other services that are necessary to prepare our clients to enter or reenter the work force.

We have had a lot of experience in the last 20 years with employment and training programs. We like to think in Illinois the many parts of the Family Support Act picked up on our experience with employment and training programs for AFDC. But when we implemented the JOBS program, we frankly were unprepared with the increased cost of targeting the hard-to-serve, the target populations that Congress designated.

To illustrate, the year prior to JOBS, we served something along the lines of 36,500 individuals for $1.2 million in support of services per month. Under the JOBS program, we are serving about 28,000 individuals at $1.5 million per month in support of services. That is not a criticism of the JOBS requirements. In fact, we welcome it; it is the right thing to do. But it is an illustration that we are serving half of the clients with the greater expense and more intensive services and more long-term interventions to prepare people for the work force which we think are necessary.

That demand on the budget comes at the same time as the national recession, at the same time as Medicaid costs are going through the roof. And frankly, in this State, Medicaid is swallowing up all the social services needs.

In the course of implementing the JOBS program, we found in the first year we didn't have a strict limit on the number of people participating. We had a volunteers program. We got too many volunteers and we found we had to shut down intake in the second half of the fiscal year. That was a severe blow to the effectiveness of the program here.

We have developed what we call a slot management model that strictly limits the number of people we can serve. Of the 228,000 AFDC clients in this State—that was the number last month; it is actually a little higher this month—we can serve an average of 21,000 to 22,000 AFDC families here. That is all we can afford with our State allocation and the drawdown we currently get.

The chairperson accurately said that we are drawing down less than half. And we think that by the end of this fiscal year, the State fiscal year, we will have left $88 million untouched of the

money that was allocated to the State of Illinois since the JOBS program was implemented in April of 1990.

So we are very much in support of anything that will help us bring down those untouched dollars. We think that if we had drawn down the dollars, the other 50 percent, we easily could have served 22,000 or more of the AFDC clients in our State. In other words, we could have more than doubled the number of people we are serving.

And I referred to the Medicaid issue, but let me just point out that one of the things I think people forget, two-thirds of the department of public aid budget right now, two-thirds of our budget goes to Medicaid costs. One out of every nine citizens in the State of Illinois qualifies for Medicaid under the various requirements. One out of every three births in this State is paid for by Medicaid. One out of every two children in the city of Chicago is Medicaid eligible. So when I talk about Medicaid engulfing, you know, swallowing up any other social services needs, I think you have a sense of the magnitude of the problem.

We are concerned, if I can just take a moment, about additional Federal restrictions or requirements on the State. And I know that this committee is considering Representative Rostenkowski's bill. I do want to comment on Senate bill 2303, which provides full Federal funding for JOBS, but it places some severe burdens on the State in that we would have to risk losing the match if we didn't serve, I believe it is 40 percent of the participants in a 20-hour setting. Forty percent of the participants in a 20-hour setting, given the way the 20-hour rule is, is nuts, frankly.

I want to get to the 20-hour rule and a couple of other requirements that I think are hamstringing the States that you should know about as well. One is prevention initiatives. The JOBS regulations clearly provide for services and focus on adults seeking AFDC and the hard-to-serve, but it really focuses on the parents.

There is some mention of having to access the needs of the child, particularly needy children, but the parent is the person who, when they get the services, is the person who is counted for the match, and if we are serious about trying to intervene and trying to stop intergenerational dependence, one of the requirements that needs to be changed or more clearly articulated is that services, particularly preventive services that serve the teen members of the AFDC families, should be counted as job initiatives.

Currently, in my testimony I refer to two programs, and one is Project Pride, which was a demonstration in Joliette, that successfully assisted a teen to stay in high school, not get pregnant. We were not able to continue that program even though it was an award-winning program that was a Federal demonstration program, because it is not matchable under the JOBS regulations.

Another program the city of Chicago called Project Prepare links high school students with a private not-for-profit organization youth guidance in the Chicago public school system. The Chicago Tribune referred to it as one of the most successful programs, intervention programs for the poor. Yet it, too, is not clearly matchable, and it absolutely does not count toward the participation rate, even though these are teens in poor communities from

AFDC families who are being trained to not be the next generation on AFDC.

I think if we are to succeed in the goals of the Family Support Act, that is one of the critical things that needs to be changed.

The 20-hour participation requirements will probably be the subject of much more testimony. But the way the rules are set up, they force the development of employability plans that meet the 20-hour rule, so that participation of that individual can count for the enhanced match from HHS, rather than the unique needs of that individual participant.

There is no question that an intensive 20-hour program can provide structure and training that is needed by some clients. But it is not necessarily the program for everyone, and it is not necessarily the best program for someone who has a young child who is just entering the world of education and work.

Specifically, if I can illustrate how the rule drives program decisions that are not contrary to the client's best interests, we need to make sure that program offerings begin early in the month, because if they begin later in the month we lose hours of participation toward the calculation of the participation rate.

An individual who begins participation in a 20-hour weekly program during the second week of the month will not count for our 20 hours, because the way the calculations under the HHS regulations work, you take the 3 weeks of participation in the month; divide it by the 4 weeks, it is actually 4.2 weeks, and that results in a little less than 15 in the course countable participation in that month for that individual, even though the 3 weeks of that month, for the length of what that course was, they were in the 20-hour program.

That 20-hour-a-week benchmark discourages us from encouraging participants to enroll in the right program or in postsecondary education programs or in training programs that just aren't set up for 20 hours. Many adult GED programs aren't that long in the number of hours set up.

In my testimony I go through specifically what are the negatives of the 20-hour rules. I won't go through them again. But I think that the regulation of this committee and Congress should direct HHS to relax the 20-hour rule. It is appropriate in many cases. It could be a goal. But it should not be the requirement for participation for everyone.

There is an AFDC-U component requirement coming down the road for fiscal year 1994. That requires 40 percent of the principal wage earners in two-parent households to participate in at least 16 hours a week in a work experience program.

It makes sense to serve two-parent households because child care costs are less, there is probably a closer connection to the work force, and the family is likely to be more stable. On the other hand, that mandate is going to likely, at our current projections of what money we will have available in this State, use more than half of our available resources for the JOBS program.

By redirecting resources to comply with that requirement, we are going to have to be backing away from services to young parents and to individuals who have been on assistance for long-term periods. And it treats the AFDC-U parent differently than it treats

anyone else. Their connection to the work force may require retraining and not necessarily work experience. It may be a question of transferring skills or adjusting what their abilities are, and that is not part of what is contemplated.

So again, we would ask for a revision of what the requirements exactly are so they can be more mainstream with the other JOBS services that we provide.

There are AFDC statutory and regulatory requirements that also hamper the success of the Family Support Act. I have briefly listed them in my testimony. Fundamentally, they are the 100-hour rule, which is a penalty on two-parent families. Basically, it is a rule that if either parent goes to work for more than 100 hours, then the family is not eligible for assistance. What that is, is a flat disincentive of people going to work part-time in a two-parent household, or the father goes to work, leaves the family, and leaves the AFDC family single-parent household so they can continue getting medical assistance for the children. That has to be carefully looked at, and frankly, we think it should be eliminated.

The 30⅓ rule treats income in a way that after the fourth month of someone going to work and earning over and above their grant, there is a severe racheting down of the person's total take-home pay between the grant and their earnings. The result is that at that point, many people wonder what is the purpose of working, because now they are not seeing any dollars increase in what they take, and they are seeing their medical assistance threatened.

There is a limitation of $90 for employment expenses. In the city of Chicago, $90 does not cover your average employment expenses as a deduction from what the person earns. And we are talking the gross earnings, and you have to take out Social Security first, that eats up most of the $90, so we can forget about all the real employment expenses such as transportation and clothing.

The connection to the labor force regulation is particularly punitive against young parents. That regulation requires, again, in a two-parent household, there has to be a connection to the work force, with earnings in four quarters or at least—with earnings in the prior quarters before the person comes onto assistance.

Where this really hits us is young parents who might want to get married. It is a Federal policy that says, Don't do it. And we don't think that makes sense. Single-parent households are part of the barriers to people being—to move off of welfare. If you have any inclination among young parents to get married, we are telling them as a matter of Federal policy, Don't do it. We think there ought to be an exception carved out of that rule for young parents under 25 or something along that line.

Finally, there are self-employment initiatives. There are people when the motivation, desire to start their own businesses, who can get some of the startup financing, but the way the Federal rules work here as well, what they earn is countable income, what they put back in the business, in many instances, frankly in most instances, as countable assets.

The problem is, if you have a business operating either at a loss or that is meeting expenses, we are counting that money against the person's AFDC so we are saying, Either you have to choose AFDC or continue in your business that may not be able to support

you, and the result is people fail in their efforts. There ought to be a support for people who have the initiative to try their own businesses.

We think the Family Support Act was a terrific framework for starting the changes that are necessary. We think extended medical assistance, transitional child care, will offer the kinds of guarantees that are necessary, and we welcome those requirements. Title IV–A, at risk child care funds, is also a big support. But we need the long-term education, we need the continuous support for interventions.

Nearly half of our AFDC clients don't have high school degrees. Many of those who do don't read at the requisite levels. And if you talk to the employers in this State, as many of us have, what they want at a minimum are people who can read, people who can do basic math, people who have those basic skills. Too many of our clients don't, and it takes time to get them up to those levels.

If the committee has any questions——

Chairman ROSTENKOWSKI. Thank you, Mr. Antolin.

[The prepared statement follows:]

STATE OF ILLINOIS
DEPARTMENT OF PUBLIC AID
Phil Bradley, Director

TESTIMONY ON THE FAMILY SUPPORT ACT
MAY 29, 1992

Good Morning. My name is Joseph Antolin and I am Deputy Director of the Illinois Department of Public Aid. I am here representing Director Phil Bradley, who was unable to attend due to other commitments. We appreciate the opportunity to talk with you today about our experience with employment and training programs for AFDC clients and to offer our comments and suggestions on the Family Support Act and its regulations in order to make it work better for the people of Illinois.

I would like to start by saying we strongly support the concept of a block grant to states for federal JOBS funds the states have been unable to access. This would be an assertive response to the national recession which has battered the budget of the states and caused the AFDC rolls to swell to record levels. The block grant should be used for training, child care, transportation or other services needed to prepare clients to enter or re-enter the changing workforce.

Illinois has a history which spans more than 20 years with employment and training programs for participants in families on federal AFDC. Prior to the implementation of the Jobs Opportunity and Basic Skills (JOBS) program, we operated the Work Incentive program,(WIN) and the WIN Demonstration program In 1986, the Department announced and implemented the Project Chance program which was to be the umbrella employment and training program for welfare clients.

During the years between January 1986 and April 1990 when the JOBS program was implemented in Illinois, the Project Chance program tried to serve too many clients with too few resources. More than 50% of the individuals in the program were in job search. There were criticisms from clients, advocates and the legislature for mandating recipients to search for jobs even though they did not have the education or skills to obtain or retain employment. In addition the program was faulted for providing few supports for the hard to serve. There was no effort to reach the hard to serve and there was no emphasis on intensive program components.

With the passage of the Family Support Act, congress mandated that states restructure their employment and training programs to provide education and training services and support for the hard to serve. In Illinois we welcomed the opportunity to design an employment and training program for AFDC clients that could provide long term intervention that would lead families not only off of welfare but also out of poverty. We agree that limited resources should be targeted to the long term welfare recipient and to young parents.

When Illinois implemented the JOBS program in April 1990, with the input of advocate groups and other state and local agencies, we designed a volunteer first program that would target resources to young parents and long term Public Aid clients. Adult basic education was required for clients without a high school education and long term education and training were emphasized. By December 1990, there were 18,029 clients in the program. There were 4,401 in adult education and 7,430 were in other education programs. Only 993 were in job search. Services were being target to young parents and long term welfare clients. Intensive programs of at least 20 hours per week were being designed. Child care and other supportive services were being provided.

However, although Illinois had a long history in operation of employment and training programs, the Department had never operated a intensive education and training program for the hard to serve. We did not fully anticipate the increased cost to the state for the supportive services for these clients. While in the calendar year prior to the implementation of JOBS we had been able to serve approximately 36,500 individuals per month with supportive service dollars of $1,243,000 per month, in December, 1990, we found that we were serving 18,029 individuals per month at an approximate cost of $1,530,000 per month. We were serving half the clients at a greater expense. Clearly we were not prepared for the increased cost of guaranteeing supportive services to hard to serve clients in intensive education and training programs.

Although advocate groups and clients were supportive of the new program, because of the supportive service costs, in January, 1991, we were forced to implement several cost containment measures and to close entry into the program until we received our appropriation in July, 1991. Beginning in July, 1991, we implemented a slot management model that allows us to monitor our spending.

The slot management model has allowed us to manage the cost of our program, by limiting the number of individuals we can serve. While there are currently 228,620 AFDC adults in Illinois, we are able to serve an average of 21,787 per month with our current funding. In order to ensure balance in our program by serving clients who are ready to go to work and to meet the federal participation rate while living within our appropriation, we redesigned our program to increase the number of individuals who are in job search. As one would expect, individuals in job search generally use less transportation and child care than clients in full time education or training programs. Currently, 4,784 or 22% of our participants are in job search or job readiness, and 12,442 are in some type of education program. The remainder are in orientation, initial assessment or work experience.

Our ability to serve AFDC clients in education and training programs is limited by the availability of state funding to qualify for the federal match. As in most other states in the nation, the cost of Medicaid in Illinois has engulfed the budget process in the need for resources. More than two thirds of the Departments budget is for medical costs. This is to support one out of every nine citizens in Illinois who qualify for Medicaid and to pay for one out of every three births. One out of every two children in Chicago is on Medicaid, and sixty percent of the nursing home residents in the state are Medicaid eligible. Federal Medicaid requirements and declining state revenues due to the recessionary economy and high unemployment have prohibited Illinois from allocating its share of the funds to obtain our JOBS allocation.

In Illinois, during the period of the JOBS program, we have had the following expenditures and drawn in the following federal match:

JOBS (AFDC) EXPENDITURES

QUARTER ENDING	TOTAL EXPENDITURES	FEDERAL SHARE	NET STATE
6/90	$ 3,265,168	$ 2,373,388	$ 991,780
9/90	7,901,915	4,722,189	3,179,726
12/90	7,821,194	5,048,706	2,772,488
3/91	6,931,004	4,578,412	2,352,592
6/91	5,332,207	3,532,359	1,799,848
9/91	8,830,816	5,125,074	3,705,742
12/91	5,812,136	3,771,774	2,040,362
TOTAL	$45,894,440	$29,151,902	$16,742,538

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By the end of June, 1992, Illinois will have left untouched more than $88M in federal funds because of our state's inability to allocate enough state dollars for the JOBS program. It is anticipated based on our FY'92 funding that we will obtain about $20M of our federal allocation for JOBS. With this budget, we are able to serve approximately 21,000 individuals per month. If we were able to obtain the untouched federal funds, we could serve 22,000 additional individuals per month. These federal dollars could provide increased funding for child care and education. In the long term, these dollars could substantially improved the lives of poor children and families in this state. We do not want to continue losing this opportunity.

Thus, Illinois supports the issuance of the federal funds for the JOBS program as a grant to the states. The grant should allow the states enough flexibility to develop programs that provide education, training, and employment for adults but also provide preventive services for teens; supportive services like child care, and services that prevent welfare dependency.

The issuance of grants to the state should not place additional federal restrictions or requirements on the state. For example, while SB 2303 provides for full federal funding for the JOBS program, it places requirements on the state to serve all non-exempt AFDC clients and increases participation rates. States would be at risk of losing 50% of the match if they were not able to meet the participation requirements. This type of legislation would reduce the quality of the programs that have been designed and make it difficult for administrators to sell the program to their legislators for funding.

In addition to increasing federal funding for the JOBS program, there are other legislative and regulatory changes that should be made or required by Congress to improve the opportunities for AFDC clients to become self sufficient. I would like to comment on several of these.

Prevention Initiatives

The JOBS regulations provide for services to adults receiving AFDC. While there is mention in the regulations of assessing the "needs of any child of the individual", the participant in the program is the adult or young parent. The federal regulations inexplicably do not encourage, and in fact, seem to prohibit prevention initiatives for teens in AFDC families. By working only with the adult caretaker, the JOBS program is missing a critical opportunity to intervene with the soon to be adult children of the AFDC client to provide supports and to reduce the possibility of inter-generational welfare dependency.

Illinois with state funds has operated initiatives for teens that have been recognized as being successful interventions. Two such programs are Project Pride and Project Prepare.

Project Pride, a nationally recognized and award winning demonstration program, was operated in a Joliet, Illinois high school for several years. The program helped young women from families receiving AFDC to become economically self-sufficient. It did so by preventing, rather than to reacting to, teen pregnancy. The two main goals of Project Pride were to teach young women the skills they needed to get and keep jobs and to provide services to help them prevent early pregnancy. Project Pride served 179 participants with 1,134 tutoring sessions and 40 mentors. In one semester, the young women participating improved or maintained their overall grades, passed more classes and received higher grades. Before the program ended due to the unavailability of federal match, 107 entered full time employment.

Project Prepare is designed to help at risk youth break the cycle of dependency and achieve self-sufficiency by staying in school and obtaining marketable skills. The program provides a variety of services including counseling, crisis intervention, vocational training, tutoring, literacy and job readiness to approximately 5,500 youth between the ages of 16-21 who are at risk of school dropout. The program is located in three Chicago high schools and links Youth Guidance (a private, not-for-profit organization), the Chicago Public School system and major corporations in a program to provide students with needed services, life skills, academic and vocational training, work experience and employment. The students in the program are expected to advance academically, graduate from high school, obtain employment, and enroll in advanced training or college in greater numbers than they would have without this intervention. This is widely considered among the most successful program to provide such intervention. It too, however, is at risk of losing IDPA funding due to the unavailability of federal match.

If we are to succeed in this effort, JOBS regulations must be revised to allow states to fund successful programs such as Project Pride and Project Prepare, and to consider teens participating in these programs as JOBS clients. This would help states meet participation requirements and would at the same time provide prevention of future welfare dependency.

In addition, there are affirmative regulatory requirements that create barriers to designing programs that best meet the needs of Public Aid clients. I would like to mention these.

20 Hour Participation Requirement

While we agree that states should be held accountable for performance, the current 20 hour participation rate forces the development of employability plans to meet the 20 hour rule rather than to meet the unique needs of the individual participant. An intensive 20 hour per week program can provide structure and intense training needed by some clients, however, it is not necessarily the best program for a client just entering the program with a young child or other problems.

Specifically, the participation rate calculation methodology causes states to focus on such non-productive issues as the need to make sure program offerings begin on a certain day of the month, or a certain day of the week, in order to avoid losing hours of participation. For example, an individual who begins participation in a 20 hour weekly program during the second week of the month will not be counted as participating 20 hours weekly for monthly reporting purposes. Participation is calculated by taking three weeks of participation in the month and dividing by four weeks, resulting in only 15 hours of weekly participation instead of 20.

The arbitrary 20 hour per week benchmark discourages states from encouraging participants to enroll in established post-secondary education programs because many of these programs do not have structured activities 20 hours per week that begin on the first of the month. This is an unfortunate departure from the purposes of the Family Support Act, because education will often lead individuals to escape long-term welfare dependence.

The continuation of the 20 hour rule as presently promulgated is ill-advised for several reasons:

1) It impairs the ability of JOBS workers to take into account the participant's physical capacity, skills, experience, health and safety, and family responsibilities in making their Project Chance assignment, as required by the Family Support Act, 42 U.S.C. 684(a). As has been demonstrated by the extensive research findings of Project Match, a unique Illinois employment and training program serving clients in Cabrini Green public housing, for many individuals, 20 hours is neither a desirable or practical level of participation, particularly at the beginning of their participation.

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2) Many component activities are not generally available for 20 hours or more per week. In particular, literacy and other below post secondary education activities are normally offered on a less than 20 hour per week basis. This, in large part, reflects the judgment of providers of these services that individuals do not benefit from such an intensive level of participation.

3) Not even full time enrollment in post secondary education, which is 12 hours of class weekly, qualifies as participation due to insufficient hours. This is because unsupervised study hours cannot be counted.

4) Requiring all participants to have 20 hours of participation will waste scarce supportive services resources on participants who must add "filler" to their basic less-than-20-hours-per-week adult education or job training programs.

Rather than the strict 20 hour per week participation rule, the regulation should consider individuals participating if they are attending and making satisfactory progress in an education or training program in accordance with their employability plan. The 20 hour rule could and should remain as a goal where it is appropriate to the individual's needs.

This change would allow states to serve more individuals in programs that are better designed to meet client needs rather than to meet a federal requirement.

AFDC-U Work Experience Component

The state will be required by Federal statute, to operate an Unemployed Parent Work Experience component beginning in FFY '94. The law requires that 40% of the principal wage earners in AFDC-U cases participate at least 16 hours per week in this program. This level of participation is required to ensure receipt of the enhanced Federal match.

The Department has the following concerns:

The mandate of 75% participation for the AFDC-U population by FY '97 would use more than half of our current available resources. To continue to provide basic education opportunities for all other clients at the same time would require state resources which may not be available.

The redirection of resources, away from the other target groups especially young parents, would change the focus of JOBS from assisting clients working toward self-sufficiency to filling work experience assignments.

The Work Experience requirement for the AFDC-U population would create a two-tiered approach to component activity. The AFDC-U clients would not have the same choice of activities as other clients regardless of the client's individualized education or re-training needs to effectively reenter the work force.

We recommend that the requirement be eliminated and that AFDC-U clients be required to participate in appropriate JOBS activities leading to self-sufficiency.

AFDC Program's Barriers to Employment

While not specifically under the Family Support Act, there are within Title IV-A of the Social Security Act several requirements that create barriers to employment and family stability. These barriers cannot be ignored if we are to develop employment and training programs that lead to permanent employment and a path out of poverty for AFDC clients. Consequently, I would like to briefly discuss requirements and their impact on families.

- The 100 Hour Rule (the two parent household penalty)

  The 100 hour rule makes AFDC-U two parent households automatically ineligible for AFDC if the principal wage earner works 100 hours a month regardless of the amount of wages. The rule discourages low income full time employment and employment of more than 100 hour per month but less than full time, as a means of entering the job market. This rule should be eliminated so that two parent families at a minimum can receive assistance after their income is budgeted to reduce cash assistance on the same basis as single parent families.

- The 30 +1/3 Earned Income Exemption

  Currently when an AFDC client becomes employed the first $30.00 and 1/3 of the remainder is not counted in determining the amount of financial assistance for the first four consecutive months of employment. After receiving the 30 and 1/3 deduction for four months, only a $30 monthly disregard is allowed for the following 8 months. The result is a dramatic drop in take home income due to working. A four month support incentive is insufficient. Other alternatives to this formula include a delay of initial budgeting of earned income and the disregard of a flat amount or percentage for a time period sufficient to assist in transitioning to self-sufficiency.

- The $90 Employment Expense

  An employment expense of $90 is deducted from gross income to arrive at a net income figure for budgeting purposes. This is meant to cover taxes, other mandatory deductions, transportation, clothing, lunches and other expenses of working. Actual expenses of employment will often exceed $90.

- Connection to the Labor Force (Young Parents Two Parent family)

  For a two-parent household to be eligible for AFDC-U, one of the parents must be unemployed with a sufficient work history to establish a connection with the labor force. In the four years preceding AFDC application, the parent must have received earnings or gone to school for four quarters and received earnings in at least two more quarters. This rule adversely impacts most heavily on young parents, especially those who have focused on education rather than employment or those who have dropped out of high school and are unemployed. Let's carve an exception to this AFDC-U rule for young parents under 25.

- Self-Employment

  There are disincentives in the income regulations which prevent individuals for considering self-employment. For self employed individuals, the asset limitation of $1,000 to remain eligible for public assistance obstructs the individual for acquiring capital or equipment for the business. Any funds earned by the individual in a self-employment venture can not be reinvested into the business. Changing these regulations to remove the disincentives would allow self-employment to become a viable alternative for individuals on public assistance especially in economically depressed areas where other employment options are limited.

The Family Support Act has provided states with the framework they need to provide successful supports for AFDC clients. Extended Medical Assistance and Transitional Child Care provide families with the guarantees they need when entering employment to become economically independent. The new Title IV-A At-Risk Child Care funds further support very low income families in maintaining self-sufficiency. Long term education and training needed for young parents and families to leave the welfare rolls and escape poverty is the a large step in the right direction. But the key to the future success of the Family Support Act in Illinois is the issuance of all available Federal Funds for the JOBS Program as a grant to the state. This funding method would enable the state to fully address the intent of the Family Support Act, provide education, training child care and other supportive services to welfare recipients and young parents and more creatively address the prevention of AFDC dependency.

Thank you for your interest in this matter and the opportunity for me to present these issues at this forum.

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Chairman ROSTENKOWSKI. Mr. Downey.

Acting Chairman DOWNEY. What I would like to know from you is, we would like to make the Family Support Act more outcome oriented. I think you have already indicated some of the things you would like to see happen. The 20-hour rule is one thing. The chairman in his proposal is proposing that we change the 20-hour rule to make it more flexible.

What I would like to ask you is, in preparing people for employment, you mentioned, I think, half of the AFDC recipients don't have high school diplomas. Are you finding you first have to provide high school and remediation before you can get people into jobs? Is that your big cost?

Mr. ANTOLIN. Yes.

Acting Chairman DOWNEY. And the 20-hour rule inhibits you because not only do people have to start at the beginning of the month, but they also have to be fully engaged for 20 hours, and that requires supervised study hall and some other such nonsense?

Mr. ANTOLIN. That is correct. For example, when I went to college, there were 12 to 15 credit hours. The assumption was you were working at least that many hours in the work related to it at home. Well, the hours that you work at home for any course work don't count toward the 20 hours. You have to ask the institution to establish a structured study.

Acting Chairman DOWNEY. I think that our subcommittee has heard a lot of testimony on this, and the chairman addresses that.

One last question I have for you, on Project Pride and Project Prepare, they are not counted for the participation purposes. What does HHS say to you about why that is the case?

Mr. ANTOLIN. They are not the parent in the AFDC family. They are a child. So it may be part of the sort of full plan, but you can't count that individual.

Acting Chairman DOWNEY. And what about other in-kind services that are provided for AFDC recipients; do you have any problem in Illinois? I know other States have told us, Maryland for instance, that they don't get reimbursed for in-kind services, that there actually has to be a check as opposed to some in-kind service. Are you finding that as well?

Mr. ANTOLIN. Yes.

Acting Chairman DOWNEY. Can you give me an example of that? We want to be able to offer a broader definition of in-kind services so you can draw down the Federal match. You don't have to do that at this moment, but if you can provide us with an example of that for the record, that would be very helpful.

Mr. ANTOLIN. The easiest example is all the ancillary services that a community-based organization or a community college would provide, that exist on the facility. Those are not matchable—or those are not countable.

Chairman ROSTENKOWSKI. You say you could not draw down on $88 million?

Mr. ANTOLIN. That is what our bureau of physical operations estimated.

Chairman ROSTENKOWSKI. Let me ask you, is that normal? I mean, is Illinois an average State or is it above average or below average? Where would you say we are in the mix?

Mr. ANTOLIN. I think we are in the middle, maybe a little below the middle.

Chairman ROSTENKOWSKI. Any other questions?

Mr. RUSSO. One question I have, Mr. Chairman. How much have you budgeted for this year?

Mr. ANTOLIN. For—

Mr. RUSSO. The JOBS program.

Mr. ANTOLIN. This year, meaning fiscal year 1993 or 1992?

Mr. RUSSO. Let's do them both.

Mr. ANTOLIN. It is about $32 million for this year, and next year the Governor has proposed a significant shift in how the JOBS program will operate, basing it in the community colleges, much like Ohio does, and out of our offices with our casework staff. And the total funding there is—the total funding is close to the same, the shift that has been proposed by the Governor is to increase what we call our distributive line for supportive services for child care and contracts, and to significantly decrease our administrative line, our staffing line. It will result in some 230 layoffs associated with JOBS program workers statewide, but we think it will draw down more of the match because the community colleges are primarily State funded, and if they become a point of entry——

Mr. RUSSO. What percentage of the population do you serve with $32 million? Is it correct that the Federal Government would match 60 percent?

Mr. ANTOLIN. It is 21,000 persons of the 230,000 AFDC cases.

Mr. RUSSO. So less than 10 percent of the population is served?

Mr. ANTOLIN. Right. It is 11 percent of the nonexempt population, so that 230 is reduced by those who are incapacitated, those who have a child under the age of 3, or for some other reason are exempt. There are a couple of other minor reasons why people are exempted.

The way the participation works in our State right now, we have to get about 14,000 countable 20-hour participants to meet the 11 percent requirement, so we think we have to serve at least 18,000 people in what are 20-hour programs to take care of the vagaries about the way the rules work.

Mr. RUSSO. What is the number one obstacle to serving the vast majority of the people who really need help? The theory behind this program is to get people off the welfare rolls and into jobs. Federal dollars are there to help you, yet as the chairman said, you weren't able to use $88 million of it, so obviously a lot people aren't getting off the welfare rolls, even though the Federal dollars are there.

What would you say is the number one obstacle to the State doing its job here?

Mr. ANTOLIN. It has to be the matching mechanism. We need more of those Federal dollars in the State. In the recession, our tax base has been too severely restricted to be able to draw down the dollars.

Mr. RUSSO. Thank you.

Chairman ROSTENKOWSKI. Thank you very much.

Commissioner Alvarez, welcome to the committee hearing. We are happy you could join us this morning.

If you would like, Commissioner, you can summarize. We will put your entire statement in the record.

STATEMENT OF DANIEL ALVAREZ, SR., COMMISSIONER, DEPARTMENT OF HUMAN SERVICES, CITY OF CHICAGO

Mr. ALVAREZ. Thank you.

Good morning, Mr. Chairman, and members of the committee, my name is Daniel Alvarez, Sr. I am Commissioner of the Chicago Department of Human Services. Thank you for the opportunity to address you this morning on the importance of the JOBS program.

Since Mayor Daley regretfully could not attend today's hearing, I would like to share some of the ideas he discussed in his State of the City Address last week. As the mayor pointed out, Federal support for job training has declined over the last 12 years, but it's time to make a new commitment in this area, because it is directly related to our economic progress.

Job training and job creation are critical to the future of our country. It is essential that we fully and successfully implement existing programs like the JOBS program, and that we expand these efforts if they effectively transition people from assistance to productive employment and self-sufficiency.

Many of Governor Edgar's actions indicate that the State of Illinois is not placing enough importance on job assistance and training programs. Governor Edgar is cutting public assistance for thousands of Chigacoans without regard to skill levels or job opportunities. At the very least, the Governor should be balancing these cuts with expanded job training programs. The mayor made his position clear by adding:

> I am all for moving people off welfare, but there should be jobs waiting. And these people should be prepared for those jobs. The city helped 2,500 people get off welfare last year. But we did it by helping to train them and find them jobs. It is a demeaning myth that people don't want to work. Five thousand people lined up in the cold outside the Sheraton last winter for 500 service jobs. They wanted work.

Specifically, in fiscal year 1992, the Illinois Department of Public Aid has enrolled only the federally established minimum number of clients in the JOBS program. In 1992, the State declared that 42,000 Chigacoans on general assistance were employable, and cut up to 3 months of their benefits without regard to whether they had jobs or even job prospects. And the Governor has proposed to make that removal permanent, starting with the next fiscal year. These former clients also lost their medical benefits under the State's policy, and unless they find jobs with benefits, they are likely to have no medical coverage at all.

Federal matching funds of $34 million have gone unused this year because the State has not spent an additional $34 million of its own on the JOBS program, and next year, the Governor has proposed to reduce the jobs program by an additional $8.7 million. Since each dollar of the State expenditure is matched by a Federal dollar, the Illinois JOBS program will receive $85 million less next year than it might if the program were fully funded by the State.

There is an urgent need for those funds. They would benefit the clients, the city, and the State. If the State, shortsightedly, will not supply the non-Federal matching funds that will free up Illinois' additional Federal funds, then the Federal Government may have

to modify the required State match in order to expand the JOBS program. Any such arrangement, however, must at a minimum require the State not to reduce current funding levels.

A JOBS program that is fully funded and successfully implemented will help people to transition into jobs and will improve our labor force. A well-trained labor force attracts jobs and strengthens the economy. In Chicago, thousands of unemployed people are eager to work if they are given the chance.

The creation of an adequate number of jobs in a sluggish economy will require more than improved labor force preparation. We need focused governmental efforts that place productive work in the hands of those who need it. There are many ways of doing this. Among them are public works programs that are devoted to shoring up our infrastructure, increasing aid to cities and other locales in the form of expanded community development block grants or revenue sharing, countercyclical public service employment, and not least, Mr. Chairman, your proposal for Federal enterprise zones. Federal enterprise zones are critical to attracting and maintaining job opportunities. The importance of this to cities like Chicago cannot be overstated. Any of these programs could complement an effective JOBS program. Together they would help strengthen the economy, expand the tax base, and reduce the need for welfare benefits.

Mr. Chairman, I have spoken of the urgency of our need, and indeed it is urgent. We need every penny of JOBS program money that has been earmarked for Illinois in fiscal year 1992. And we need emergency antirecession and summer jobs funding as well.

Mr. Chairman, job training and job creation are very high priorities of Mayor Daley's administration. The JOBS program can be of great value to us here if it is adequately funded.

I would like to thank you, Mr. Chairman, for the opportunity to testify here today. I would be pleased to answer any questions the committee might have at this time.

Chairman ROSTENKOWSKI. Thank you, Commissioner. Thank you for your testimony.

We recognize, as a matter of fact, the urban task force, which is currently working with the administration, is focusing in on the match and the possible elimination of the necessity of the match. I don't know how successful we are going to be with that, but it is high on the agenda. As a matter of fact, we in the House of Representatives are meeting constantly about just what we can propose to the administration with respect to the relief of urban areas.

Mr. Downey.

Acting Chairman DOWNEY. I have no questions, Mr. Chairman.

Chairman ROSTENKOWSKI. Mr. Russo. Doc?

Thank you very much, Commissioner.

We now have Ms. Herr, Ms. Raphael, Mary Hartsfield, John Bouman, and Betty Willhoite. The Chair would like to ask those of you who have statements longer than 5 minutes to summarize them, and we will include your entire statement in the record. This will give us a little bit more time to get into some exchanges and dialog.

Ms. Herr, if you will begin by identifying yourself, and then proceeding with your testimony.

STATEMENT OF TOBY HERR, DIRECTOR, PROJECT MATCH, EVANSTON, ILL., AND CHICAGO, ILL.

Ms. HERR. Thank you. I am Toby Herr, the director of Project Match, a research and service welfare-to-work program operating since 1985.

The Illinois Department of Public Aid has been our primary funder. The research component of the program is housed at Northwestern University.

The overarching lesson from Project Match is that for long-term recipients of limited skills and experience, leaving welfare is not a one-step event. Rather, it is a long and difficult process about growth and development.

While much of the focus of the JOBS program is on assessment, first placement, getting people enrolled in school or finding a job, Project Match focuses on what happens to people after that. In the first 6 months, 57 percent of the participants in Project Match lose their first job, and the majority of high school dropouts quit their GED programs before they pass the high school equivalence exam.

We recognized that if our ultimate goal was to help people make a permanent attachment to the work force, we would have to make a long-term commitment to our participants. Not only would we have to help them keep jobs, we would have to help them advance to better jobs when they are ready. We would have to help to make sure they complete educational programs and actually ended up with a job. For those who lost a job, dropped out of school, we would have to get them back on track as quickly as possible.

Our experience to date suggests that this long-term assistance approach is promising. When we measure the progress of the whole group, sort of aggregating statistics, we learned the majority of our participants who lost their first jobs did better in subsequent jobs and received higher wages over time. For example, the number of months worked during the first year in the program was 5.5, and in year three was 7.4 months.

But when we looked at the career histories of individuals that had been active in the program for a minimum of 3 years, rather than groups, a different picture emerged that underscores the need for more far-reaching solutions. We found that approximately one-half of our participants made steady progress and were off welfare; while the other half either made unsteady progress or no measurable progress.

We also learned that people took different routes off of welfare. Many did not choose the traditional route of education leading to employment, which is the bias in JOBS. Many chose to go to work first and after making a link between better skills and better jobs, then they were ready to make a commitment to school.

So the questions that I want to present to you are, one, how can JOBS be restructured to meet the needs of both those who are likely to make steady progress and those who are not? And what has to be changed to allow people to take alternative routes to self-sufficiency?

I would like to call your attention to the diagram of the incremental ladder to self-sufficiency. It is on page 4 of the handout. I would like to refer to that. This is our visual metaphor that we

have created to illustrate our recommendations for restructuring JOBS.. If you look at the middle rungs and the upper rungs, you will see that there are only a limited range of authorized activities at that level, and that 20 hours of participation are required. The way JOBS is currently implemented means that most participants, therefore, step onto the ladder at the top rungs.

We think this sets many people up for failure. They are asked to step onto the ladder at too high a point rather than work their way up the ladder step by step.

Even many of those Project Matchers that made steady progress started on the lower rungs of the ladder. The real challenge for policymakers is to figure out how to help a diverse group of individuals step onto the ladder, not too low so that he or she is not challenged, but not too high so that he or she falls off the ladder.

To achieve this, we urge you, the members of the subcommittee, to consider adding lower rungs to the existing ladder by:

One, broadening the range of activities to include: one, community volunteer work like volunteering at a Head Start, or two, membership in organizations like serving on a management advisory board, or three, parent-child activities like visits to the library.

Two, by gradually increasing the time commitments that count toward participation rates so the steps build into 20 hours rather than start with 20 hours. For many, a 4-hour rather than a 20-hour basic skills class is a more manageable first step.

And three, putting in place vehicles to help transitions from one step to the next. That is the most difficult to put into practice. It may be the most critical.

From a policy perspective, making the ladder work means altering the framework for accountability so that the incremental gains in the lower rung activities count as legitimate efforts toward becoming self-sufficient. This is a tall order, but it is also an opportunity that we as a country can't afford to miss.

Thank you for inviting me to testify.

[The prepared statement and attachment follow:]

Summary of Toby Herr's Testimony Before the Subcommitee on Human Resources
Committee on Ways and Means
U. S. House of Representatives
Field Hearing in Chicago on JOBS
May 29, 1992

I. BACKGROUND

Toby Herr is the Director of Project Match, a research and service welfare-to-work program operating since 1985. The research component is housed at Northwestern University's Center for Urban Affairs and Policy Research, and the service site is located at the Winfield/Moody Health Center in the Cabrini-Green community. As a demonstration program of the Illinois Department of Public Aid, in 1988 Project Match was an award winner in the Innovations in State and Local Government program of the Ford Foundation and Harvard University.

Perhaps the real innovation was the way in which we approached the development of Project Match. Unlike others, we started with the assumption that we knew virtually nothing about how long-term welfare recipients earn their way off welfare. We studied our participants' activities from month to month and year to year, and kept modifying the program based on what were learning.

I would like to highlight some of the lessons learned at Project Match based on our work with approximately 650 participants over a period of seven years.

II. SUMMARY OF LESSONS FROM PROJECT MATCH

The overarching lesson from Project Match is that for the most disadvantaged, isolated members of our society, leaving welfare is not a one step event about getting a job, but rather a long and difficult process about growth and development. The following is a brief summary of the major lessons learned that we think are relevant to this field hearing on JOBS.

A. The Initial Placement--Job or School--Is Just a First Step

At Project Match we have learned that most of the hard work begins *after the initial placement.* Fifty-seven percent of Project Match participants lose their first job within 6 months. [1] The majority of our high school dropouts quit their GED programs within six months and do not pass the GED exam or receive a high school degree.

B. A Long-Term Perspective Leads to Gains Over Time

At Project Match we make a long-term commitment to our participants (3-5 years) helping them not only get jobs but keep them; helping them advance to better jobs when they are ready; making sure that those who complete educational programs actually move into jobs; and making sure that those who lose a job or drop out of school get back on track quickly. Over time this approach translates into incremental but significant labor market gains. For example, analysis of the long-range career paths of of a group of 259 participants active in the program for three years suggest that ongoing support can translate into steady, yet incremental labor market gains. For example, we learned that:

average number of months worked in year one	5.5
average number of months worked in year two	6.5
average number of months worked in year three	7.4

Also salaries increased 23% over the three years. [2]

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[1] Lynn Olson, Linnea Berg, & Aimee Conrad, *High Job Turnover Among the Urban Poor: The Project Match Experience*, Center for Urban Affairs and Policy Research, Northwestern University, 1990.

[2] Statistics from a study about Project Match that is not yet completed. Analysis by Lynn Olson, Director of Research and Aimee Conrad, Research Associate, May, 1992.

3. Leaving Welfare is a Long and Difficult Process

When we focus on the long-term progress of *individuals* rather than *groups* as a whole, a somewhat different picture emerges. Analyzing the career histories of 225 participants active in the program for a minimum of three years suggests that: 1) for the most disadvantaged leaving welfare is a long and difficult process, not a discrete event, and 2) people can leave welfare dependency through multiple routes. We found that 48% of participants made steady progress and were off welfare, and the remaining made either unsteady progress (34%), or no measurable progress (19%). We also learned that the traditional route of education leading to employment (which undergirds JOBS) might not be the most common, or best route out of welfare dependency for many. Many high school dropouts choose work first. After working at low paying, entry level jobs, some make the link between acquiring new skills and finding higher paying jobs-- then they are ready to make a commitment to school. [3]

These findings have significant implications for restructuring JOBS

III. RESTRUCTURING JOBS: CREATING AN "INCREMENTAL LADDER TO SELF-SUFFICIENCY"

This summary includes a copy of our "Incremental Ladder to Self-sufficiency:" the visual metaphor we have created to illustrate our recommendations for restructuring jobs. [4]

The current structure of JOBS means that most participants step onto the ladder on the middle or upper rungs where there are only a limited range of authorized activities and 20 hours of participation is required. Our findings suggest that, for many of those targeted under JOBS, this design sets them up for failure: they are asked to step onto the ladder at too high a point rather than work their way up the ladder step by step. Even many of those Project Matchers that made steady progress started on the lower rungs of the ladder. The real challenge for policy makers at all levels is to figure out how to help a diverse group of individuals find the *right first step* -- not too low so that he/ she is not challenged, but not too high so that he/she does not fall off the ladder. To achieve this we suggest that the members of the Subcommittee on Human Resources consider adding our lower rungs to the existing JOBS ladder by:

1) **Broadening the array of activities** that are authorized under JOBS to include community volunteer work (e.g., volunteering in a Head Start class), membership in organizations (e.g., serving on a tenant management advisory board), and parent/child activities (e.g., library visits).

2) **Gradually increasing the time commitments** that count toward participation rates so that the steps build up to 20 hours rather than start there. For many, a 4 hour rather than a 20 hour basic skills class is a more manageable first step.

3) **Helping people with transitions** from one career step to the next and **publicly recognizing** them for the achievement of incremental milestones.

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[3] Toby Herr and Rober Halpern with Aimee Conrad, *Changing What Counts: Re-Thinking the Journey Our Of Welfare*, Center for Urban Affairs and Policy Research, Nothwestern University, April, 1991.

[4] ibid p. 24

From a policy perspective, making the ladder work means altering the framework for accountability and reimbursement so that these small gains and lower rung activities count as legitimate efforts toward becoming self-sufficient.

Project Match

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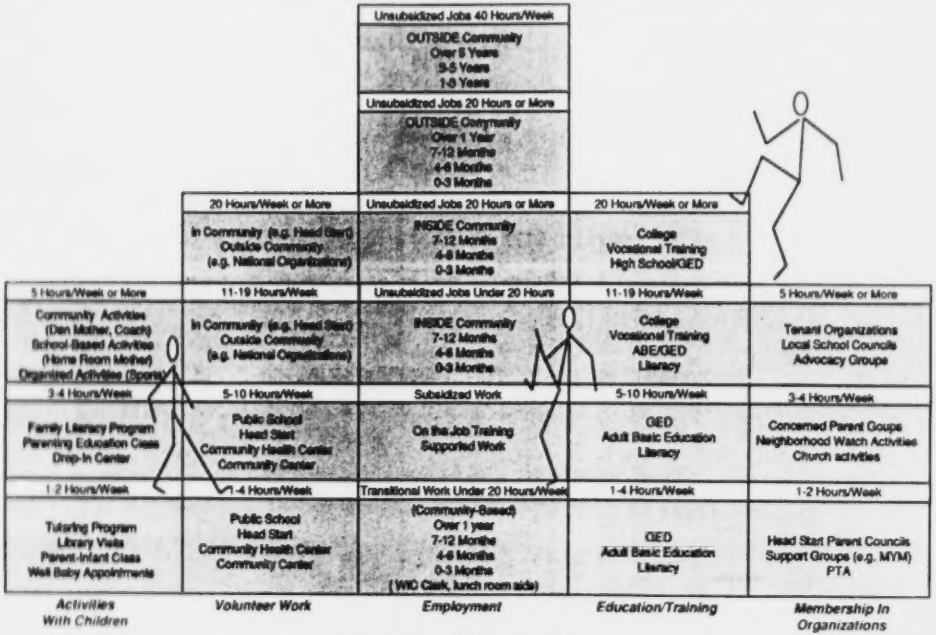
62-189 O - 93 - 2

Diagram from *Changing What Counts: Re-thinking the Journey out of Welfare*, by Toby Herr and Robert Halpern, with Aimee Conrad

Steps to Social Involvement and Economic Self-Sufficiency



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Chairman ROSTENKOWSKI. Thank you.

The Chair would like to caution our guests. We would appreciate it if there weren't any demonstrations, either for or against any testimony that is presented here.

Ms. Raphael.

STATEMENT OF JODY RAPHAEL, DIRECTOR, PUBLIC POLICY STUDIES, CHICAGO COMMONS ASSOCIATION

Ms. RAPHAEL. Thank you. My name is Jody Raphael. I am director of public policy studies for Chicago Commons Association, a 98-year-old social services organization in Chicago.

In February 1991, Chicago Commons established a comprehensive welfare-to-work literacy center in Chicago's West Side, in what I might add is in the heart of the congressional district served by Chairman Rostenkowski. With funding and referrals from Illinois Project Chance program, we are demonstrating the effectiveness of one-stop, comprehensive services to public assistance recipients with low basic skills and multiple social problems.

The program which we call the West Humboldt Employment Center, ETC, provides 20 hours per week of comprehensive services including on-site literacy, English as a second language, intensive case management, on-site health care and health education, on-site child care and Head Start, and parenting class and family literacy training.

From our experience over 1½ years, we have learned several key points. I would like to summarize them for you, and the implications for the Federal JOBS act. One is the need for comprehensive services. Sixty percent of our participants are domestic violence victims currently living in situations in which they and their children are domestically abused. This domestic violence has severe effects upon the participant's ability to follow through on her employment plan.

Seventy-five percent of ETC's participants are currently abusing alcohol and other drugs when they enter the program. A very high percentage of our participants are incest survivors or victims of past sexual abuse. These experiences often cause depression, anxiety attacks and drug abuse as participants self-medicate for these problems.

Over half of ETC's participants have reading and math skills below the sixth grade level. The majority have no real work history or experience. Almost 90 percent of our participants are former teen parents, high school dropouts, who in addition to raising their basic skills need to obtain the GED in order to obtain a job or become eligible for most job training programs.

In short ETC participants are members of a second generation of the welfare cycle. It is a matter of absolute importance that we intervene now to break this cycle.

The good news is that the results of the program are extremely encouraging. Of the participants who entered ETC since February 1991, 20 percent are already working or are participating in job training programs. Only 13 percent have absolutely dropped out of the program. The remainder are still on-site improving their skills

and raising their literacy levels, usually by four or more grades in a 1-year period.

The JOBS program in Illinois is hampered by two major barriers. First is a lack of comprehensive services. This is a failure for the project as a whole. In Chicago the bulk of the Project Chance participants attend literacy classes, not at the ETC site but at the City Colleges of Chicago at 16 hours per week. These purely educational classes can in no way meet the multiple needs of these Project Chance participants. Nor is any other provider able to provide more comprehensive services without additional funding which is currently unavailable.

Second, and I need to stress this point from our in-the-trench experience, is the need for further job training beyond literacy. Most of our ETC participants who have obtained the GED have been unable to obtain full-time employment with benefits.

Contrast these two recent program experiences. After obtaining her GED after 6 months at ETC, one participant with no work history spent 5 months in an intensive job search. She finally obtained a part-time job with no benefits at a large hospital. This hospital did require the GED for this job.

A second participant used her 6 months to enroll in a year-long licensed practical nursing training program. She has already been offered a job, when she graduates, at a hospice with a salary of $16 an hour and a $1,000 cash award to help her purchase the car she will need for the job.

We are therefore recommending that most of our participants enroll in a vocational training program following their securing the GED to ensure they can get full-time employment which can remove them from the welfare rolls.

Unfortunately, the lack of affordable training programs in Chicago severely affects our ability to help participants obtain this job training. The vocational training programs offered by our community are not free of charge. They usually cost about $500 a semester.

Unfortunately, many Project Chance participants have previously enrolled in for-profit trade schools and have unpaid Federal loans. As a result, they are not able to obtain grants and loans and cannot enroll in our City Colleges vocational training programs.

The JTPA system in Chicago, like a lot of other programs, is poorly funded. It does not offer training in a full range of vocational training areas. For example, it does not offer any training in the allied health field. Our participants do not obtain training in this field, and that is really a tragedy because in Chicago we have documented shortages of workers in the allied health field.

So, fundamentally, I echo what we have heard all morning, that we need an expanded Federal commitment of resources for comprehensive literacy and educational services and for job training services, which these participants are going to need. So your proposals are absolutely key to improving the JOBS program.

Thank you.

[The prepared statement follows:]

STATEMENT OF JODY RAPHAEL, DIRECTOR, PUBLIC POLICY STUDIES, CHICAGO COMMONS ASSOCIATION

My name is Jody Raphael. I am director of Public Policy Studies for Chicago Commons Association, a 98-year old social services organization in Chicago dedicated to assisting families move from poverty to economic self-sufficiency through the acquisition of skills. In February 1991 Chicago Commons established a comprehensive welfare-to-work literacy center on Chicago's westside, in, I might add, the heart of the 8th Congressional district served by Chairman Dan Rostenkowski.

With funding and referrals from the Illinois Jobs Program, Project Chance, Commons is demonstrating the effectiveness of "one stop,"comprehensive services to public assistance recipients with low basic skills and multiple personal and social problems. The program,known as the West Humboldt Employment Training Center, or ETC, serves as a bridge, enabling adults to gain entrance to already existing job training programs or employment after they have sufficiently raised their literacy levels. Services provided include on- site literacy and English-As-A Second Language; intensive case management; on-site health care and health education; on-site child care and Head Start; and parenting classes and family literacy training. Participants' literacy training is organized around an employment plan. ETC's case managers assist the participants in meeting these goals, monitor progress, and offer counseling support and encouragement. Most importantly, they assist participants in making arrangements for further education or job training. The ETC program works in partnership with City Colleges of Chicago (Daley College) which provides the project with eight teachers as well as some books and materials.

As ETC's founding director I have been able to directly observe the strengths and weaknesses of the current JOBS program in Illinois and to evaluate the effectiveness of this federal legislation. I appreciate the opportunity to testify about our observations before the subcommittee on Human Resources of the Committee on Ways and Means.

From this vantage point, these are our preliminary conclusions:

* The majority of the public assistance participants we serve experience a myriad of problems, many of which constitute serious barriers to employment. They are not equipped, either emotionally or educationally, to secure and hold employment. The good news is that these barriers can be overcome, as demonstrated by the success of the ETC model.

* The bad news is that the existing educational service delivery system in Chicago is unequipped to provide the holistic comprehensive services which meet the needs of AFDC participants with low literacy levels.

* The JOBS program provides an excellent framework for moving participants from welfare to work. If Congress is seeking a vehicle to ameliorate the conditions of our inner cities in the wake of the Los Angeles riot, it need look no further than the JOBS act. What is needed is additional federal funding to enable Illinois to structure and implement comprehensive literacy and employment training services for this special population. Expanded federal resources and federal commitment are needed.

I would like to now spend a few minutes covering these points in more depth.

Need for comprehensive services. The need for comprehensive services becomes apparent when the characteristics of ETC's 250 Project Chance participants are described:

* 60% of ETC's participants are domestic violence victims, currently living in situations in which they and/or their children are physically and mentally

abused. This domestic violence has severe effects upon the participant's ability to follow through on her employment plan, keeping her in a low state of self-esteem and traumatizing the entire household. AFDC women are often trapped in these abusive relationships. Knowing that because of lack of skills and work history, they cannot make it on their own in the labor market, they remain economically dependent upon these male partners who, for this reason, seem to believe they are free to abuse them. Still others are helping to support dysfunctional males- often the fathers of their children- who are hopelessly addicted to drugs. The trauma and havoc created by economically and emotionally supporting a drug abuser cannot be overestimated, and leads to an unstable household in which the AFDC participant is unable to function normally in the labor market.

• 75% of ETC's participants are currently abusing alcohol and other drugs when they enter the program. A very high percentage of ETC participants are incest survivors or victims of past sexual abuse. These experiences often cause depression, anxiety attacks and drug abuse as participants "self-medicate" for these problems.

• Over half of ETC's participants have reading and math skills below the sixth grade level. The majority have no real work history or experience. Almost 90% are former teen parents,- high school drop-outs- who in addition to raising their basic skills need to obtain the GED in order to obtain a job or become eligible for most job training programs.

In short, ETC participants are members of a second generation of the welfare cycle. It is a matter of absolute importance that we intervene now to break this cycle.

Although these inter-locking problems constitute serious barriers to employment, the ETC program has been able to design a series of individualized interventions. For some, elimination of the domestic violence is enough to raise self-esteem; others need more intensive therapy organized off-site. Over time, drug usage abates as participants begin to actually work on their problems and raise their skills. From time to time our participants lose faith in themselves, or become frightened, and fall back into attitudes of cynicism and negativity and have to be pulled back into the program by their case manager. Each participant has required an individualized intervention as these or other developments occur throughout the welfare-to-work process.

To-date, the results of the ETC program are extremely encouraging. Of the participants who have entered ETC since February 1991, 20% are already working or are participating in job training programs. Only 13% have dropped out of the program. The remainder, still on-site improving their literacy skills, have been able to raise their literacy level by four or more grades within a one year period.

The JOBS Program in Illinois is hampered by two major barriers.

First, is lack of comprehensive services. The lack of existing comprehensive services spells failure for the Project Chance program as a whole. In Chicago, the bulk of the Project Chance participants attend literacy classes at City Colleges of Chicago 16 hours per week. These purely educational classes can in no way meet the multiple needs of these Project Chance participants. Nor is the City Colleges system able to provide more comprehensive services without additional funding which is currently unavailable. In addition, in Chicago, we do not advocate that the community college system attempt to provide these social services for which it has no expertise. Rather, funding needs to be made available for partnerships between community based social services organizations and City Colleges. There is a need now to create this necessary service delivery system.

Second, is the need for further job training beyond literacy. Many ETC participants who have obtained the GED have been unable to obtain full-time

employment with benefits. Contrast these two recent program experiences. After obtaining her GED after six months at ETC, one participant, with no work history, spent five months in an intensive job search. She finally obtained a part-time job (with no benefits) at a large local hospital delivering meal trays to patients' rooms. A second participant used her six months to enroll in a year-long licensed practical nursing training program. She has already been offered a job when she graduates at a hospice with a salary of $16 an hour and a $1000 cash award to help her purchase the car she will need for the job.

We are therefore recommending that most of our participants enroll in a vocational training program following their securing the GED to ensure that they will obtain a full-time job which can remove from them the welfare rolls.

The lack of affordable training programs in Chicago severely affects Project Chance's ability to help participants obtain this job training. The vocational training programs offered by our community college system cost approximately $500 per term. Many Project Chance participants have previously enrolled in for-profit trade schools and dropped out prior to completion, with unpaid federal loans. As a result, they are currently ineligible for grants and loans and cannot enroll in city colleges vocational training programs. Because our JTPA system in Chicago does not currently offer training in the allied health field, many participants interested in this area cannot afford to obtain training in this field, a tragic situation in that in Chicago there are documented shortages of workers in the allied health field. Funds are needed to either create affordable training programs in these fields or to pay full tuition for Project Chance participants.

The federal JOBS program embodies an excellent approach to breaking the welfare cycle. Welfare participants need skills and they need child care and transportation, all provided by the JOBS Act. The issue is funding. The State of Illinois has been unable to provide the funding which Illinois's literacy and job training system requires to meet the multiple needs of AFDC participants.

At this point in time, expanded federal resources and commitment are required. We support proposals for a temporary or partial waiver of the state match requirement to enable an infusion of federal funds to shore up an extremely weak literacy and job training system in Illinois.

Chairman ROSTENKOWSKI. Thank you.
Ms. Hartsfield.

STATEMENT OF MARY HARTSFIELD, COCHAIRPERSON, WOMEN FOR ECONOMIC SECURITY, CHICAGO, ILL.

Ms. HARTSFIELD. Good morning. My name is Mary Hartsfield. I am cochairperson of Women for Economic Security.

Women for Economic Security is a membership organization made up of women who are current and former welfare recipients. We work to improve access to education, job training, and jobs for women on welfare.

I appreciate this opportunity to talk to you today about Project Chance. We have been monitoring the design and implementation of the JOBS program through Project Chance since passage of the Family Support Act in 1988. We were involved in early discussions with the Illinois Department of Public Aid regarding the design of JOBS, and issues related to the marketing of the program, as well as participants' access to services.

Six months after the JOBS program was implemented in Illinois, Women for Economic Security conducted a survey of 158 program participants at Project Chance offices throughout the Chicago area. One year later we conducted a followup, with 192 program participants using the same survey instrument.

I would like to briefly describe our findings, and then I will share with you some stories of participants' experiences with Project Chance, including my own.

The results of our first survey were surprisingly positive. Fifty-three percent of the respondents reported they were participating in Project Chance because they wanted a better life, a job or education and job training. When asked to score their experience with Project Chance on a scale from 1 to 10, with 10 being best, 74 percent of the respondents gave their experience a score of 5 or better.

We were surprised by these results because the old Project Chance has such a bad reputation among participants. In fact, it was often called Project No Chance. Yet just 6 months after implementation of the new Project Chance under the JOBS program, participants had hardly anything negative to say about the services they were receiving.

It must be mentioned that at this time the program had money to provide quality services to participants, but by the time we conducted our second survey, the new Project Chance had been through a serious budget crisis.

The results of our second survey, conducted 18 months after implementation of JOBS, were much less positive—although the program still exhibited signs of being significantly improved over the old Project Chance.

Overall, we found participants somewhat less than enthusiastic about the services they were receiving. We attribute this to the fact that the program had experienced severe, serious budget crises, and changes in administrators. As a result, waiting lists for services were established and access to support services such as child care and car fare was limited.

In order to meet Federal participation requirements, the percentage of participants enrolled in job search activities was increased from 8 percent in fiscal year 1991 to 37 percent in fiscal year 1992. Many of the participants we interviewed resented being forced to look for jobs during a recession, and they felt their skills were so limited they would not be qualified for most jobs. We believe these changes were due to the funding crisis faced by Project Chance.

Now I would like to share my personal story with you. I have been on welfare for 16 years. During this time I held three different jobs in an effort to get off welfare, but these jobs were so low paying that I never earned enough money to completely get off public aid.

In my effort to get off welfare, I have had experience both with the old Project Chance and the new Project Chance under the JOBS program. My experience with Project Chance before JOBS was not so good. I was put into job search because I read at an above-average level, so I was told that made me employable—even though I didn't have a diploma. I was sent out to look for a job with very little work experience, and so not surprisingly no one would hire me. As a result, I felt very discouraged.

After this experience, Project Chance was reformed to meet the requirements of JOBS. At this time I got involved in a program through the Women for Economic Security called the life skills training program. This was at the time the department of public aid was working to change Project Chance to conform with Federal JOBS requirements.

IDPA asked us to help create the kind of program that would be better for us as program participants. We met with IDPA on several occasions to discuss the changes that should be made in Project Chance. Many of our recommendations were used, except the changing of the name of Project Chance.

Now Project Chance is less punitive and is trying to work. We think it should have the opportunity to do so. We think IDPA should have better information on how the program is working. This is one way they would know the success stories that have come out of the new Project Chance.

I am a product of the better Project Chance that exists under the JOBS program. I have accepted responsibility for my life. I know where I am going. I have set a career goal and I will reach it.

Right now I am getting ready to take my GED test, and after I pass the test, I am going to go to college to become a social worker. If it had not been for a good program like the new Project Chance, I would not have taken the steps I have taken on the road to self-sufficiency.

My sister Sandra is another example of someone who has been helped by the new Project Chance. Sandra was a drug abuser who got involved in a job training program through Project Chance. She graduated from the program and got a job at Michael Reese Hospital. She has worked there for almost 2 years and recently was promoted. Like me, Sandra was a long-term welfare recipient. She had jobs but they didn't pay enough to help get her off welfare and she couldn't keep them. Now because of the new Project Chance, she is making a better life for herself and her two children.

Finally, I would like to share the story of one of our members who is doing all of the right things to get off welfare, but who ran headlong into restrictive Federal regulations in the form of the 20-hour rule. This woman, who I will call Alice, has been on public assistance for 10 years. Through Project Chance, she participated in our life skills program, and after completing the program she decided that she wanted to get training to become a registered nurse. She applied to and was accepted in a nursing program. Her problem arose when her Project Chance worker found out that she would be in the classroom for 13 hours a week. This is the maximum number of hours students are allowed to register for in the nursing program. Her Project Chance worker told her that that she needed 20 hours of class work in order to be counted for Federal participation requirements, and because of this requirement, she could not pursue her nursing degree.

So what does all of this tell us? We believe that the main conclusion which can be drawn from our research and our experiences is that with adequate funding, Project Chance has the potential to become a good program. By "good program," we mean: a program which women on welfare want to participate in, in order to eventually get off welfare; a program which provides women on welfare with the critical support services such as child care and carfare; they need to participate in education and job training activities; and a program which actually helps women move from welfare to work.

In Illinois the problem with inadequate State funding for Project Chance, combined with the restrictive nature of the Federal 20-hour rule, has led to a program which is not meeting its full potential. In recent months, the program has come under attack from the Governor's office.

Because of the State's budget crisis, the Governor wants to cut the Project Chance budget by $8 million, eliminating all Project Chance caseworker positions and turning the administration of the program over to community colleges. Under this plan, Project Chance services would be eliminated in 72 counties. In Chicago, Project Chance services would be provided through the City Colleges of Chicago. There will be little, if any funding for the City Colleges to provide these services. As some of you may know, our City Colleges are currently in their own budget crisis.

It is not clear how case management services would be provided, since the City Colleges do not currently have any case managers. The only thing close to case management that they offer is academic counseling. According to City College officials, there is now one academic counselor per 2,000 students. Imagine what would happen if the City Colleges suddenly had to provide case management service to 13,000 Chicago JOBS program participants. Needless to say, we have some serious concerns about this plan and what it would do to the improvements in Project Chance under the JOBS program.

This leads us to the main question being addressed today: What can the Federal Government do to help States such as Illinois maximize the opportunity presented by the JOBS program?

We have three recommendations. One, the Federal Government can reduce or eliminate matching requirements for States such as

Illinois, which have been hit hard by the recession. This should include a maintenance-of-effort provision to prohibit States from spending less State money that they are currently.

Two, the Federal Government can reexamine the 20-hour rule, replacing it with a rule that allows for more flexibility in the counting of the JOBS-related activities. Time spent at home studying should count and time spent volunteering with community organizations should count as participation in JOBS.

Number three, the Federal Government needs to sustain its commitment to the JOBS program. We are concerned that Members of Congress and the executive branch have already forgotten the Family Support Act. If we are ever going to achieve improvements in our welfare system, we have to sustain our commitment to programs we create. Otherwise, we will be in an endless cycle of creating programs in order to declare them failures in a few years only to recreate them again later. Instead, we should work on improving the JOBS program and providing States with the resources they need to make the program work so that women like myself will have a chance to get off welfare permanently.

I would like to thank you all for allowing me this opportunity to testify.

Chairman ROSTENKOWSKI. Thank you.

Mr. Bouman.

STATEMENT OF JOHN M. BOUMAN, SUPERVISING ATTORNEY, LEGAL ASSISTANCE FOUNDATION OF CHICAGO

Mr. BOUMAN. Good morning. My name is John Bouman.

I would like to provide a little bit of context for the current situation. I was able to view close up for many years the predecessor programs to Project Chance. They were plagued with what I think of as artificial focus. One artificial focus was on universal participation. Over 150,000 people would participate. Caseloads would be 600 or 700 per worker. The routine would be to send the participant out on a futile job search, and if there was any infraction of the requirements of the job search, or any failure to come to a meeting with the caseworker, there would be a termination of benefits for not cooperating.

That was another artificial focus. There was a time in the early 1980s when the Department of Public Aid defined a "positive outcome" in the employment and training program for purposes of a caseworker's evaluation was either placement of the recipient in a job or termination of the recipient's benefits for noncooperation. With these artificial types of focuses, the program, predictably, wasn't very successful.

It is the great accomplishment, I think, of the Family Support Act that it has provided the means and the legal structure and the opportunity to shift the focus of the employment and training program from artificial goals to the real goal: actual success of individual recipients in the transition off of welfare and into work.

Under the JOBS program there is a realistic assessment of a person's barriers to work, and the person's supportive services needs. An employment plan is made, and the person is set on a course to

fulfill the plan. We have heard some testimony about how that process can be improved further. But the mechanism is there for it.

Under the Family Support Act the employment plan drives the participant's level of participation. The available money doesn't drive the individual's participation level, it just determines how many participants can be served. Because of the Federal minimum participation rates—which we don't oppose—there has to be a mix of participants that are more expensive to serve and those that are less expensive to serve, so that Illinois will serve enough people to meet the Federal minimum rates. As long as adequate funds are available, a proportionately large share of the more-expensive-to-serve population can be in that mix.

This change in focus that the Family Support Act brought about was radical in Illinois. Previously, recipients didn't trust the program. It was both hapless and dangerous to them. Now, after a really astonishingly brief period of time, the recipients' attitudes have changed. By January 1991, 9 months after implementation of JOBS in Illinois, there were 18,000 participants. All of them were volunteers. You almost never saw volunteers under previous programs. There were 13,000 participants in education and training programs, and 1,400 were in job search.

Toward the end of that first implementation year, there were so many volunteers that the department was going to run out of money. So it had to start cost-containment measures. Mr. Antolin talked about those. A waiting list was established, and there were 6,000 people on the waiting list.

In July 1991, with these 6,000 hopeful people on the waiting list, the department had to mandate people who were not on the waiting list to come in and do job searches in order to get the participation rates up to the Federal minimum. These, remember, are the cheaper, more superficial kinds of services. You send someone out on job search and give them bus tokens. This was the only way to satisfy the Federal participation rates, given the program's inadequate funding.

So the combination of scarce funds and Federal rates has stalled the program. There are two severe problems contributing to the situation that you can help us with, really almost right away. One is to relax the requirements for the drawdown of the Federal money. The median State is able to draw down 65 percent of its JOBS funds. Illinois draws down about 46 percent. That is roughly $30 million, I think, this year that is being left unclaimed.

We urge you to do this as part of an urban aid package and to do it on a long-range basis, not tied to a cure in the recession. A withdrawal of funds within a year or two would create another stall-type situation, with States having to downsize successful programs. Freeing up JOBS funds would be a very efficient piece of an urban aid package. There would be no startup costs, and virtually immediate impact.

The second problem is to eliminate the 20-hour rule. Let me say a couple of things about that. You have heard a lot already.

The 20-hour rule introduces a bias against education, contrary to the clear message of the Family Support Act itself. The City Colleges of Chicago, with tens of thousands of adult education slots, has literally no program that consumes 20 classroom hours. They

are all 10, 12. Any postsecondary program, or full-time program, is 12 hours.

The need to satisfy the 20-hour rule costs dearly in trying to meet participation rates, by reducing the number of participants unnecessarily.

The 20-hour rule sets people up for failure. For many people it is just not appropriate for them to be involved for 20 hours right away. They are in over their heads, and they fail, and there is frustration and loss of hope.

The 20-hour rule has the effect of forcing States to focus services on recipients that have older or fewer children, because then they don't have the child care costs. Again, that is not what the act intended. Basically, what it is doing is reintroducing a strong element of artificiality into the Family Support Act, which had otherwise brought about the change away from artificiality.

Let me make two quick points separate from JOBS. In Illinois, we now have 50,000 predominantly young male and minority individuals newly cut off of safety net support in this State because of general assistance cutbacks. Most of them are right here in this city. The Governor says, Let them get a job, conveniently ignoring the fact that few, if any jobs exist for them in our economy.

The country and certainly this State are rapidly abandoning this generation of single adults, many of whom are veterans of our armed services.

We urge to you support the Boren bill or some similar legislation creating public service job opportunities for these people. We urge you to consider also that maybe it is time for a Federal solution to this general assistance problem, just as 20 years ago the SSI program was the appropriate solution to widely varying State treatment of the aged, blind, and disabled.

Second, again a shift of topic, we can't forget the impact of unemployment and chronic poverty on the way that individuals behave and the frustrations and strain on people. I am talking here about children, and I would like to take this opportunity to urge the passage of the Family Preservation Act, H.R. 3603, currently awaiting consideration by the full committee. It improves services and support for troubled families in need.

Thank you.

[The prepared statement follows:]

HEARING OF THE SUBCOMMITTEE ON HUMAN RESOURCES
COMMITTEE ON WAYS AND MEANS
UNITED STATES HOUSE OF REPRESENTATIVES

May 29, 1992

Testimony of John M. Bouman
Legal Assistance Foundation of Chicago

Good morning. My name is John M. Bouman. I am a supervisory attorney with the Legal Assistance Foundation of Chicago, where I have worked representing poor Chicagoans since 1975. Thank you very much for bringing this hearing to Chicago, and for providing this unique opportunity for us to tell you directly about the problems and policy issues facing our poorest citizens as they struggle to earn a fair share of this nation's wealth.

It is widely accepted, by persons of all ideological persuasions, that one of the root causes of the rioting in Los Angeles is the lack of hope or opportunity for a better life felt by so many inner city residents living in poverty. The subject of today's hearing, the Job Opportunities and Basic Skills Program ("JOBS") established by the Family Support Act of 1988, is intended to change this bitter reality. JOBS represents the federal government's recognition that the welfare system must do more than provide income maintenance. The JOBS program establishes a simple and logical framework for moving people out of poverty and reliance on welfare and into employment.

As a preliminary matter, I want to be careful not to oversell the potential of the JOBS program or to unduly raise expectations as to what it can accomplish even under ideal conditions. Moving people off of welfare is often a long, difficult and complicated process. In addition, enhancing the basic skills, education level, and employment readiness of welfare recipients is only half of the equation -- the economy must still provide job opportunities. Still, the JOBS program has already brought a great deal of positive change to Illinois, and its potential is quite substantial and too important to neglect.

I have seen at very close range the succession of programs that were supposed to move people off of welfare and into work prior to the passage of the Family Support Act of 1988. The common policy question faced by the earlier programs and the JOBS program is this: How will the program handle the relationship between the money available and the level of client participation? Will the focus of the program be to structure activities so that participating clients will have the best chance to succeed in moving into work? Or will the focus be on other issues that are not necessarily focused upon each client's potential success in moving into work, issues that, in the context of a welfare to work program, are thus artificial? Success or artificiality?

Unfortunately, the focus in Illinois under the earlier welfare-to-work programs was on the artificial. With less money devoted to the program than now, the welfare-to-work programs of the late 1970's and the 1980"s mandated that each and every recipient who was able to do so must participate. Thus well over 150,000 recipients were participating at all times. Predictably, caseloads often were over 600 per worker. There could be no individualized planning or counseling; the workers were way too busy just managing the paper flow. The routine was to send a participant out on a futile job search, never assessing the employability or even the literacy of the recipient, and never aiming the recipient at any known job openings. Child care was haphazard, virtually unstudied and woefully underfunded.

This artificial focus on universal participation did little

to prepare individual participants for a successful transition to work. It was exceeded in artificiality, however, by the results the program aimed for. For several years in the early to mid-1980's the welfare department demanded quotas of what were known as "positive outcomes" from its beleaguered caseworkers in the welfare-to-work program. But "positive outcomes" were defined as either a job placement or a termination of a participant for not cooperating with the program. Non-cooperation included any failure to appear for a meeting or to meet a precise quota of job applications. The result was carnage. Caseworkers preoccupied with paper flow would terminate recipients for the slightest infractions, often regardless of perfectly good explanations for whatever the failure was, just in order to make their quotas. Literally tens of thousands of persons were terminated from benefits every year, with no increase in their employability and with substantial suffering for them and their children.

The artificial focus of the earlier welfare to work programs made the programs look both hapless and extremely dangerous to the recipients. Recipients by and large did not look at these programs as a means to escape from welfare, but as a demeaning set of hoops and hurdles, beset with booby traps, that was yet another humiliation one had to bear in order to secure benefits.

By 1988 the welfare-to-work policy climate had begun to change due to a variety of factors, including a key 1986 settlement of a lawsuit known as Eakin v. Coler that eased the frenzy of case terminations for non-cooperation. But it is the great accomplishment of the Family Support Act of 1988 that it provided the means, the legal structure and the opportunity to shift the focus of the welfare-to-work program in Illinois from artificiality to success in the transition to work.

The process undertaken in Illinois to formulate a JOBS plan to implement the Family Support Act was marked by serious study of the issues related to success in the transition to work. Guided by the Act itself, the focus turned to accurate assessments of the participants' barriers to work, including assessing each participant's literacy, and of the participants' supportive services needs, especially transportation and child care. Each participant has an employability plan that addresses these needs to the extent feasible. When a participant fails to cooperate, the focus remains on success, and not on punishment. Efforts are made to discover and resolve any problems the participant may be having that are blocking participation, and sanctioning is only a last resort.

Guided by the focus upon success, the central policy issue I mentioned above -- the relationship between available money and the level of participation -- has been resolved in the implementation of the Family Support Act by letting the employability plan, not the available money, dictate each participant's level of participation. The availability of money, in turn, dictates how many AFDC recipients will be able to participate. Since the Act requires certain minimum levels of recipient participation, the mix of participants with more expensive and less expensive employability plans is adjusted so that both state budgetary constraints and the federal minimum participation levels can be met. In this way, the availability of money and the federal participation requirements are both accomodated without artificially tinkering with any participant's employability plan. As long as sufficient funds are available, the state can serve a proportionately large number of the harder to serve populations, such as teenage mothers and others with high child care needs, and still meet its federal participation rates.

This change of focus was radical in Illinois, and the recipient community did not immediately believe that the program was no longer both ineffective and dangerous. But as the word

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passed along, and clients noticed their peers receiving meaningful services and a real chance to succeed, the new program, which was called Project Chance, became inundated with volunteers. This was an unprecedented phenomenon in Illinois, and it stands as eloquent proof of the intelligence and will to work of the recipient population.

By January 1991, nine months after implementation, Project Chance had approximately 18,000 participants, all of them volunteers. 13,000 were in education or training programs. Only 1400 were in job search. Up until this time, the Department of Public Aid had enrolled applicants in the program without regard to the type of activity they were assessed for or their child care needs. However, due to the program's popularity, DPA projected that it was going to run out of supportive services (child care and transportation) funds in April 1991, two months before the end of the fiscal year.

To avert a shutdown of the program, DPA instituted cost containment measures that included the following directives: no new applicants with child care needs could be enrolled in the program, no applicant assessed as needing education or training activities could be enrolled in the program, and the education or training of any individual who completed a component and needed further education or training (e.g., the participant who completes an adult basic education course and is ready to move on to a GED preparation class) would have their participation interrupted. Any person falling into one of these categories was either turned away from the program or, if they were persistent, placed on a waiting list. Within six months, at the end of June 1991, 6000 AFDC recipients were on the Project Chance waiting list.

In July 1991, with 6000 hopeful applicants on waiting lists, DPA began mandating participation by persons not on the waiting lists, those assessed as near job ready. DPA concentrated this call-in on recipients with older children not requiring child care. DPA also set up a management model that limited the number of available slots for persons assigned to education and training and persons needing child care.

By September 1991, the percentage of program participants in job search had increased from 13% to 38% in one year. No other state in the country had such a large increase in the percentage of participants assigned to job search. Yet, in the new federal fiscal year, the department is faced with an increased federal minimum participation rate requiring 14,000 participants in qualifying activities. Thus the trend to less expensive and more superficial programming such as job search appears likely to continue.

The JOBS plan has been in effect in Illinois for just over two years. It did not have time to get to a point where its success could be measured before it was beset by these problems. Yet it had attracted initially more clients than it could serve, all of them eager to participate. There are two very severe problems that have caused the program to stall, and both are problems that you can help us with immensely.

Problem One: Need to Free Up Federal Funds

As a result of state budget constraints, the Illinois JOBS program is barely exceeding its mandated minimum participation rates, even though far more recipients want to participate. Illinois has been able to drawn down only 46% of the Federal matching funds appropriated for is JOBS program. Approximately $30 million of appropriated Federal funds have not been drawn down. Nationwide, the median state draw down has been 65%, and only 11 states have succeeded in drawing down their entire ratch.

We urge you to support a relaxation of the federal matching requirement that would enable the states to access the federal dollars available for this program. Including a relaxation of the match requirement in an urban aid package would be an efficient policy initiative, because the states have programs in place and ready to serve recipients.

The freeing up of these federal JOBS funds is necessary in Illinois not only to enable its JOBS program to expand, but to prevent it from contracting. To meet the participation rates, Illinois will serve fewer and fewer of the harder to serve, essentially creating a program where only job-ready recipients who need little or no supportive services, and who are the most likely to find work without help, will be mandated to participate.

We do not urge you to eliminate the federal minimum participation rates. We support their purpose to require a significant number of recipients to be served. However, we do not think they were meant to be the single most dominant factor in determining the mix of harder and easier to serve participants that the JOBS program would serve. Unforeseeably, the states have been unable to put up enough money to avoid this.

The freeing up of the federal JOBS funds is critical now. The program is at a crossroads in Illinois. It can grow and be given a chance to realize its substantial potential, or it can and will stagnate and effectively shrink, moving farther away from becoming a solution for harder as well as easier cases.

Problem Two: Eliminate the 20 Hour Rule

the face of much criticism, HHS proposed and adopted the "20 hour rule", which provides that only recipients who participate in program activities for 20 or more hours per week may be counted as participants for purposes of determining state participation rates. The final HHS rules permit states to "combine and average" hours of participation, such that one 10 hour participant and one 30 hour participant, when combined, yield two program participants for counting purposes.

Not surprisingly, because the Illinois welfare department wishes not to take chances with its participation rate and, moreover, has found the HHS "combine and average" system administratively cumbersome, it has consistently directed its caseworkers that only persons with at least 20 hours of weekly participation can be counted as program participants.

In response to the pressure of meeting its first annual participation rate minimum before the end of last fiscal year (i.e., September 30, 1991), DPA issued a directive in August 1991 that all participants must be brought up to 20 hours per week for September 1991 by adding more hours in their assigned activity or adding a secondary activity. Only under extraordinary circumstances could a less than 20 hour program be approved (the only example given was of a person recovering from surgery and under doctor's orders). This was, in large part, what caused the dramatic increase in the number of participants in job search activities in September 1991.

HHS defends the 20 hour rule with the contention that it is not overly demanding, since 20 hours is only 1/2 of the standard 40 hour work week. This defense does not address the many substantial defects cited in opposition to the 20 hour rule. HHS' position is not overtly fact or research based and appears to be simply ideological and arbitrary.

The Act is replete with provisions encouraging the participation in educational activities. The 20 hour rule

introduces a pronounced bias against all education programs. Most literacy, adult basic education and GED classes are scheduled for much less than 20 hours per week, including virtually every such class offered by the single largest provider in the state, City Colleges of Chicago. And yet, persons needing basic skills who wish to enroll in these programs either are denied access to the JOBS program or required to add "filler" activities in order to bring their total time up to 20 hours.

The bias of the 20 hour rule against education programs is particularly evident against any post-secondary education programs. A full-time post-secondary program is 12 hours per week. Because HHS only permits scheduled class time to be counted towards the 20 hours, a full-time student may not be counted as participating in a JOBS education program by HHS' definition. It is particularly unwise to discourage post-secondary education when labor market studies show that in today's more technologically advanced workplace, at least a two-year college degree is required to earn a liveable wage in most occupations.

The need to satisfy the 20 hour rule by adding "filler" activities causes states to waste scarce child care and other supportive services resources. These wasted child care, transportation or other supportive service dollars could have been used to fund another AFDC recipient who wants to attend a less than 20 hour per week education or training activity. In the context of the state's struggle to meet the participation rates, this waste of resources is particularly senseless.

The 20 hour rule is especially destructive because it sets up many participants for failure. Getting welfare recipients who have never been in the labor force or have lost their connection to the labor force onto the ladder back to the labor force is a difficult and complex process. There is a growing body of social science data that supports the conclusion that 20 hours is too much too soon for many people. By forcing this level of initial participation, the program is setting many participants up for failure, leading to disappointment, discontent and frustration.

By requiring states to find a sufficient number of 20-hour participants while staying within their child care budgets, the 20 hour rule has also had the effect of forcing states to focus program resources on recipients with older and fewer children to minimize child care expenses. This is another effect that certainly was not intended by Congress.

The 20 hour rule has introduced a strong element of artificiality into the JOBS program. For some participants 20 hours may be just right or, indeed, not enough as a level of participation designed to make them employable and employed. But for others it is too much and not right. The focus should be on success and not on artificial requirements. We urge you to require HHS to withdraw the 20 hour rule.

I wish to make two additional points, neither of which specifically concerns the JOBS program, but both of which concern the employment picture among the poor.

First, we are one of the states that has withdrawn its financial support from single adults by severely limiting the General Assistance program. There are about 50,000 predominantly young, male and minority individuals newly cut off of safety net support in this state, mostly in this city. The Governor says, "let them get a job", conveniently ignoring the fact that few, if any, jobs exist for them in this economy. The country, certainly this state, is rapidly abandoning this generation of single adults, many of whom are veterans of our armed services. We urge

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you to support the Boren bill or similar legislation creating public service employment opportunities for these people. And we urge you to consider that perhaps it is time for a federal solution to this problem, just as 20 years ago the SSI program was the appropriate solution to the widely varying state treatement of the aged, blind and disabled.

Second, we must not forget the impact of unemployment and chronic poverty on the way individuals behave and on the circumstances under which they must live. While we work to solve the problems of unemployment and underemployment, we must not forget to deal appropriately with their effects. I am speaking here of the strains on families and of the impact on children. We urge you to pass the Family Preservation Act, H.R. 3603, currently awaiting consideration by the full Committee on Ways and Means. It provides improved services and supports for troubled families who are in need, and, where necessary, for improved foster care.

Thank you again for bringing this hearing here to Chicago.

Chairman ROSTENKOWSKI. Thank you, Mr. Bouman. Mr. Downey thanks you especially.

Ms. Willhoite, thank you very much. I want to publicly acknowledge the fact that these meetings are held principally because of your energies displayed some months ago. It took us a little while to get here, but I am sure you are happy we are here taking your testimony.

STATEMENT OF BETTY WILLHOITE, EMPLOYMENT COMMITTEE, LEAGUE OF WOMEN VOTERS OF CHICAGO

Ms. WILLHOITE. Oh, well, thank you, Mr. Chairman. And I think the testimony that you have heard so far has been very useful on the situation in Illinois.

I am going to shorten the statement that you have in front of you to try to keep it in the time limit. I am Betty Willhoite, League of Women Voters of Chicago. The league has lobbied legislation connecting employment legislation and escape from poverty for 30 years.

On behalf of 600 Chicago leaders, many thanks to you, Mr. Chairman, your committee and your fine staff for this field hearing.

When the intent of the act, the planning, the struggles of the States, are all duly noted, the question now is, how many will get jobs and at what wage. In Illinois, the answer to the first is complicated by the State's deep fiscal crisis and policy cutbacks. The answer to the second, what we know of attributable placements, is very low; 32 percent below $4 an hour, 31 percent below $5 an hour, 16 percent below $6.

We think the Family Support Act is due for a reality check. The 1992 stage is set. Welfare reform is being considered in broader economic and political context. That is good. It is fundamental to the American social contract. That the debate is polarized is bad; we risk getting a dialog of the deaf. The political rhetoric about family values begs the real question about family income. Still, in this summer of an election year, facing facts could propel action.

We will argue that the Family Support Act JOBS cannot be reviewed in isolation. It must be part of a network geared to multiple needs and on through to a stable income, and we think the crisis of poverty fully warrants breaching the budget walls to fund the welfare-to-work commitments.

While the battle rages on the underlying causes and policy direction, the basic facts leap out. Illinois lost 280,000 manufacturing jobs since 1980 and 24,000 farms. Of the 10 job categories with leading growth potential, most are low skill, low wage, no benefits.

William Neikirk of the Tribune reports that lost jobs are gone. "Leaner and meaner," "downsizing" of both public and private sectors, are the buzz words. Seismic economic shifts have stranded them and their communities. The labor market reality is the line of 6,000 in front of the Sheraton for 1,000 jobs, the line around the county building for corrections jobs, the line every morning at day labor intake.

For the left-out, the welfare system copes grudgingly, and along with its clients is blamed for something called dependency. The

jobs gap, the skills gap are the real world out there. The maligned, last-resort safety net is in tatters. Welfare grants down on average 27 percent since 1972, and sinking.

Illinois, about to sever the slim general assistance lifeline, is in the bottom half of the 50 States in grant levels. Fair market rent here is 142 percent of the grant. Fair market rent in Mississippi is 308 percent of the grant. Those are very poor conditions for children, and obviously an underfed, ill-clad, ill-housed or homeless adult is not a good job prospect.

The Family Support Act waded into this set of conditions proclaiming a path to self-sufficiency, and it is part of that direction. We were proud to participate in the shaping of the JOBS plan. We agree with this panel's midcourse assessment and correction.

Our objections derive from our concerns when S. 1511 passed the Senate in 1988. We much preferred the House bill, 1720, on several counts, including funding at twice the level of the Senate bill. There is a mistake there. It should be 3.3 billion out of the Senate, which is what we got.

The Federal funding for 5 years is grossly inadequate, not to mention the failure of "will and wallet" among the States. H.R. 1720 also recognized the cost of housing with a view to shelter supplement.

The data so far, distressingly meager, bear out our concerns. Project Chance ran out of money in 6 months. Participation nationwide is 10 percent. Illinois barely made the required 7 percent by gutting the program back to its previously ridiculed state. The ultimate goal of 20 percent of those eligible is hardly fundamental change.

Along with the basic principles and recommendations set forth by our colleagues, we will continue to lobby for, number one, a national floor or standard which allows a realistic mix of earned income and supports, housing, medical and child support. The general assistance population must be included.

We note with alarm the plight of a whole generation of young minority men, disproportionately in the prison system, a human tragedy and a loss to the Nation.

Number two, implementation staffing at every level to assure solid teamwork across department lines; above all, ties to the labor market data and placement.

Number three, job creation—you will hear it again—via public works, public service, and immediate plans to assure access for the welfare population to action pending in Congress for infrastructure repair.

We urge an FSA title for public works and public service to connect to the JOBS plan. Senators Boren and Simon propose a WPA. Good, if it guarantees first-source training and access for JOBS-eligible people.

Number four, opposition to waivers for behavior modification requirements, such as learn fare and new baby denial.

Number five, a renegotiated, realistic match. We propose 75-25, Federal-State for income maintenance; waive State match for JOBS.

The Joint Economic Committee hearings produced analysis and legislation, including price tags and provision for cracking the

budget wall. It is not too late, and they are a good start on the long term, as John said, after the limited response, to Chicago and Los Angeles.

Finally, we acknowledge that States and the private sector should do better. But 50 unequal systems are not a commitment. The FSA is a cul-de-sac without clear ties to the job market—community and corporate—and public economic development. The only source in scale with needs is Federal. The price of failure is high.

[The prepared statement follows:]

LWV
LEAGUE OF WOMEN VOTERS OF CHICAGO 332 S. Michigan Ave. #1142, Chicago, IL 60604 • 939-5935

Ways and Means Committee, the Honorable Dan Rostenkowski, Chairman
Human Resources Subcommittee, the Honorable Thomas J. Downey, Chairman

Field Hearing: Job Opportunities & Basic Skills Program (JOBS)
May 29, 1992

I am Betty Willhoite, League of Women Voters of Chicago. The League has lobbied legislation connecting employment, education and escape from poverty for thirty years. On behalf of 600 Chicago Leaguers, many thanks to you, Mr. Chairman, and your fine staff for this field hearing.

When the "intent of the Act," the earnest planning, the final regulations, the struggles of the states are all duly noted, the question , now, has got to be: how many will get jobs - and at what wage?

In Illinois the answer to the first is blurred by abrupt change and the state's deep fiscal crisis. The answer to the second (what we know of attributable placements) is "very low" - 32% below $4, 31% below $5, 16% below $6. The Family Support Act is due for a reality check.

The 1992 stage is set: welfare reform is being considered in broader economic and political context. That's good. It is fundamental to the American social contract. That the debate is polarized is bad; we risk getting a dialog of the deaf. THe political rhetoric about family values begs the real question about family income. Still, in this summer of an election year, facing facts could propel action.

We will argue that the Family Support Act JOBS cannot be reviewed in isolation. It must be part of a coherent continuum from dire need to participation in the economy. It must be linked resolutely to the evolving labor market. It must include true cost-of-living goals. The General Assistance recipient should be included in the eligible population. A public works/public service connection must be established, providing an essential source of jobs and addressing neglected public needs. Finally, the crisis of poverty fully warrants breaching the budget walls to fund the welfare-to-work commitment.

While the battle rages on underlying causes and policy direction, the basic facts leap out. Illinois lost 280,000 manufacturing jobs since 1980 and 24,000 farms. Of the ten job categories with leading growth potential, most are low-skill, low-wage, no-benefits. William Neikirk of the Tribune reports that the lost jobs are gone; "restructuring," "leaner and meaner," "downsizing" (of both public and private sectors) are the buzzwords. The generation on our streets are the children and grandchildren of people who came to Chicago for family-supporting jobs. Seismic economic shifts have stranded them and their communities. The labor market reality is the line of 6000 in front of the Sheraton for 1000 jobs, the line around the County Building for corrections jobs, the line every morning at day labor intake.

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For the left-out the welfare system copes grudgingly, and, along with its clients, is blamed for "dependency." The jobs gap and skills gap are the real world out there, and the maligned, last-resort safety net is in tatters - welfare grants down on average 27% since 1972 - and sinking. Illinois, about to sever the slim GA lifeline, is in the bottom half of the 50 states in grant levels. Fair market rent here is 142% of the welfare grant for a family of three. In Mississippi the FMR is 308% of the grant - very poor conditions for children; and, obviously, an underfed, ill-clad, ill-housed or homeless adult is not a good job prospect.

The Family Support Act waded into this set of conditions, proclaiming a path to self-sufficiency; and it is part of that direction. We were proud to participate in shaping the JOBS Plan. We agree with the first panel's mid-course assessment and correction.

Our objections derive from our concerns when S1511 passed the Senate in 1988. We much preferred the House bill, 1720, on several counts, including:

- funding at twice the level of the Senate bill ($5.7B - House, $3.7B - Senate). The federal funding for five years is grossly inadequate - not to mention the failure of "will and wallet" at the state level.

- 1720 recognized the cost of housing, with a view to shelter supplement.

The data so far - distressingly meager - bear out our concerns. Project Chance ran out of money in six months. Participation nationwide is 10%; Illinois barely made the required 7% by gutting the program back to its previously ridiculed state. The ultimate goal of 20% of those eligible is hardly fundamental change.

In addition to the basic principles and the recommendations set forth by our colleagues, we believe 1992 demands a breakthrough:

- a national floor or standard which allows a realistic mix of earned income and supports - housing, medical, child support - up to a livable total. The GA population must be included. We note with alarm the discriminatory factor in the loss of a generation of young minority men to desperation, anarchy and bulging prisons - a human tragedy and major loss to the nation.

- staffing at every level to assure solid teamwork among lawmakers and bureaucracies on the critical elements of housing, child care, counseling, education, training; above all, ties to labor market data and placement

- job creation via public works/public service. Immediate plans to assure access for the welfare population to action pending in Congress for infrastructure repair. We urge an added FSA title for public works/service, not to duplicate new legislation, but to firmly connect the

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JOBS Program to a critical source of jobs. Senators Boren and Simon propose a WPA. Good! - if it guarantees first source training and access for JOBS eligible people. It should include broad replication of proved models - many in Chicago; for instance, the Horner Association of Men who rehab derelict public housing units.

- opposition to waivers for "behavior modification" requirements - learnfare, new baby denial. Those proponents sound like the very folks who railed against "social engineering" in the 60's and 70's.

- a renegotiated, realistic match. We propose 75-25, federal-state for income maintenance; waive state match for JOBS.

We are fully aware of the fiscal blocks. But - literally - a firebell in the night signals a larger reality. Internal and external threats demand investment in people. Fairness demands serious resources targeted to those trapped at the bottom.

The Joint Economic Committee hearings produced analysis and legislation, including price tags and provision for cracking the budget wall. It is not too late this fiscal year for the JEC proposals, well-honed next steps beyond the emergencies of Los Angeles and Chicago.

Finally, we acknowledge that states and the private sector should do better. But 50 unequal systems are not a commitment. The FSA is a cul-de-sac without clear ties to the job market - community, corporate - and public economic development. The only source in scale with the need is federal. The price tag is high. The price of failure is higher.

Chairman ROSTENKOWSKI. Thank you very much, panel.

Mr. Downey would like to ask you a question.

Acting Chairman DOWNEY. Mr. Chairman, let me just say that I have been the subcommittee chairman of the Human Resources Committee for more than 4 years and I have rarely had an opportunity to listen to five better witnesses to critique the handiwork of our committee. And as one of the authors of the Family Support Act, you have really given me a great deal to think about.

I might add, I was just telling Congressman McDermott, the provisions that are most onerous to you, the 20-hour rule and the levels of participation—were personally insisted upon by the then President of the United States. Ronald Reagan insisted on the 20-hour rule, and he insisted upon the levels of participation. They were not desired. None of us thought for a moment they would work. They would do what the old Project Chance did, simply require people to be functionaries and run through a system so you had artificially high levels of participation.

Let me ask some questions. Ms. Herr, this research that you have done is well-known to us. Could you give us some idea if the work that you have done is finding merit in other places? Is this something atypical, what you are finding here in Chicago, or do you think it is typical of what other cities are finding in terms of the problems of moving toward economic self-sufficiency?

Ms. HERR. There are very few programs that keep these statistics, this longitudinal data. There are a few programs I can cite that do support it.

One, there was a Chicago-based JTPA study, and they contacted JTPA participants, and of the ones they could reach, they could reach half of them, at 12 months only 40 percent were still working. So while it is a slightly different population, it is still a similar outcome.

Also, there is a program called Enterprise Jobs. It had 16 programs in poor neighborhoods, and of the 1,440 participants who got a job in 1989, 31 percent lost their jobs in 1 month, and 77 percent by 6 months. So for those people who are keeping the statistics, they seem to support our findings.

Acting Chairman DOWNEY. What you are saying to us is that we are going to have to keep the 20-hour rule, but if we can eviscerate it, that would also be a useful thing to do. You say that you have a whole Head Start parent council, support groups, adult literacy—all of these could count toward the 20-hour rule, and that we should give you an hour of credit for every hour you are out of school, so if you are in a 12-hour program, we will count it as a 20-hour program. That would make sense to you.

Ms. Hartsfield, I was very impressed with your testimony. We hope you will be one of the success stories. You already are. Can you from your own personal perspective tell us if the other folks that you know who are on public assistance and have children get higher benefits?

Ms. HARTSFIELD. I think so. See, because I have older kids. That is why they were really on me, because my oldest child is 11, and I have been a welfare recipient for 16 years. So my trouble has been getting low-paying jobs and not having a high school diploma. I always read everywhere, but I needed the high school diploma to

go along with it, and I have been in and out of proprietary schools, and that made me have an outstanding loan.

So I had a lawsuit that is pending right now that I am trying to hurry up and get a job so I can get off welfare, because I know they were regulating my money, so I can pay my student loan so I can go to college.

So it just varies the way—you know, the system has you bound up where you cannot move. Either you go forward, you are stepping on a mine bomb. You are in the mine field, and either way you go, you blow up. If you are not a strong person like me who has been through a lot, I have learned to fight the system back. And so mine is, I am trying to help other people as well as myself.

Acting Chairman DOWNEY. Thank you.

Does any other member of the panel want to offer any comment on this?

Part of the behavioral changes we may face is this idea that somehow welfare recipients are having children for increased benefits. Is that anybody's experience?

Mr. BOUMAN. I know that is not the case from looking at clients.

Ms. HARTSFIELD. Truly not.

Mr. BOUMAN. The increment in benefits is minimal. It is $60 to $70.

Acting Chairman DOWNEY. Mr. Russo raised the point before that, we are talking about large numbers of people, 18,000 people being served under the new Project Chance, but that still scratches barely the total need of 200,000 cases.

If we were to give you all the money that you wanted, how many of that 200,000 could we realistically expect to put into the labor market? Had we learned from Ms. Herr's admonition that this is a long-term process, not something to be done in 1 year but probably more likely in 3 to 5, if we were to be patient and intelligent and fully funded, how many people of the total do you think we could get to work eventually?

Ms. HERR. I think a significant number.

Acting Chairman DOWNEY. More than half?

Ms. HERR. The group that we serve are—I think they would be described as hard to employ. So I am talking about probably the hardest-to-employ group, and those were our findings, and that was also in the context of a very supportive, long-term program.

But I think Mary made a point I want to emphasize when I talk about the problem of "help with transitions." It sounds like sort of a nebulous concept, but it is really very significant. What tends to happen is the way programs are currently structured, people tend to cycle in and out of JTPA programs, the old WIN programs, JOBS programs, because they have a short-term focus. And what happens is, like Mary said, she has had several low-paying jobs. She was in a proprietary school. What we need to do is put some vehicle in place to make sense out of these isolated, disjointed experiences.

What we try to do at Project Match is try to link these experiences together and try to create some sort of coherent goal-directed pathway to self-sufficiency out of these experiences. So that if Mary quits a job or for some reason it is a low-paying job, we would view that as something to build on. It isn't just a low-paying job. It is a

job that you can learn from and it can be a stepping stone to a better job. Without that transitional support, it becomes an isolated experience.

Mr. BOUMAN. I would like to say also that probably over whatever of the caseload of 220,000 or so are pretty transitional recipients anyway. At any given time, more than half of the caseload has been on the system less than 1 year. And the average of any person who is on assistance is that they are on for, you know, 1 year and change or something like that, 2 years. So we are talking, I think, about 30 to 40 percent of the 220,000 that is the real intensive services need.

Acting Chairman DOWNEY. More than 6 years recipients?

Mr. BOUMAN. Something like that.

Ms. RAPHAEL. I think with that group you are going to see—if the programs are properly conceived, as Toby is saying, and comprehensive services are put together and people are followed and tracked and supported, I think it will be well over half.

And we are too new to give you that answer, but I also say that all sorts of wonderful things happen. One person is in a program and gets her GED, well, all of a sudden her sister decides she is going to go back to school, the father of the children goes into a JPTA program, and before you know it, you have made a change throughout the whole family and you only have one Project Chance participant. So it is something that has to start happening in our low-income communities, because it has a ripple effect.

Ms. HARTSFIELD. I just wanted to say something about all the barriers that a person has to go through as far as being a long-term recipient. Public aid has so many requirements that you have to break through in order to try to be educated, and you are looking for a way out anyway, because me and my sister both were in the Life Skill Training Program that is funded by Illinois Department of Public Aid, and we were long-term welfare recipients. We just needed the opportunity and the support in order to get into a training program and then help with all the other problems that you have, like a death in the family, like—even, I have got set out, legally set out, thrown out in the streets, being on public aid. All these things are just barriers that you have to go through. And you have to have some kind of stability in order to make it over those barriers, and you have to have some kind of support.

That is what we all need, some kind of support. Because people on welfare, they are not living on welfare, not having children. Most welfare recipients have 2.5 children. That is three children at the most. It looks like the media always digs out that person with those 10 children and puts them on television. And it is a lie. It is a myth that is going around.

Ms. WILLHOITE. I was just going to say, you need combinations—workplace literacy, workplace training. And you also need to remember the combination of income sources. So that you have a more prolonged combination of both work and training, and earned income plus support.

Acting Chairman DOWNEY. Mr. Chairman, just this last point. As we worry about the urban initiative, if we were to look forward to doing one thing, if we were to restructure jobs and take away the disincentives and try to make it more outcome oriented and give

you much more money, would we be making a giant step in the right direction?

I am worried that when we do this urban initiative, we will not have this program in it. I think what you are telling us is that this is a success story, because we know it works.

Ms. RAPHAEL. The structure is there. It needs to be properly funded. But the funding needs to go to properly packaged services that can take someone like Mary and follow her through. If you do that, it is spectacular. And as I said, it is contagious, it has a ripple effect. And it is intervention into a low-income community that is like no other I can think of.

Chairman ROSTENKOWSKI. Mr. Russo.

Mr. RUSSO. Let me just say that the perception in our business becomes reality. The perception is that welfare parents have children to get bigger checks. It may be a myth, but that is the perception and it has to be dealt with.

Sometimes when you talk about these roadblocks, you have to understand you have had an administration for 12 years, Mary, that doesn't want to see these programs really succeed. The more roadblocks in your way, the tougher it is for to you succeed. There are regulations that make absolutely no sense, because I don't think the administration wants to see these succeed.

Ms. HARTSFIELD. Me, too.

Mr. RUSSO. Let me conclude by saying, your testimony is great, you make a lot of sense, and changes need to be made, but you have to deal with the political reality. The balanced budget amendment will decrease all these resources in the future. People like the mayor of Chicago and Dick Phelan, who wants JOBS to help people, aren't going to have the dollars to do it.

You are facing problems today. If you think there is a roadblock today with regulations, wait until the balanced budget amendment goes into effect. It will make sure that the people who need services the most, get the least.

Ms. WILLHOITE. We are opposed to it.

Ms. HARTSFIELD. Right. And I had the opportunity to meet Governor Edgar and he told me to get a job at McDonald's, and I resent that. So I had the opportunity to talk to him.

Chairman ROSTENKOWSKI. We don't want to get into a debate on the balanced budget amendment.

Mr. RUSSO. Things were going a little slow here.

Chairman ROSTENKOWSKI. The fact of the matter is, if we had the chemistry in Congress to meet our obligations and recognize the problems that we have and put the revenues together that are necessary to solve the problems, we don't need a balanced budget. But that is not what is going to happen, in my opinion.

Doctor, did you want to——

Mr. MCDERMOTT. No. Good testimony.

Chairman ROSTENKOWSKI. Thank you very much. Most helpful.

Welcome, commissioner, to this hearing. It is always a pleasure to have you representing our county. You do an outstanding job—I know this because I am on the telephone with you quite a bit. Welcome to the panel.

If you are ready to present your testimony, we are ready to proceed.

STATEMENT OF RICHARD J. PHELAN, PRESIDENT, COOK COUNTY (ILL.) BOARD OF COMMISSIONERS

Mr. PHELAN. My name is Dick Phelan. I am president of the Cook County Board of Commissioners. I want to thank Chairman Rostenkowski for giving me the opportunity to talk about the JOBS program, Congressman Downey, Congressman McDermott and my friend and colleague, Congressman Marty Russo.

Cook County is a stakeholder in all of this. We are the second most populous county in the United States. There are 5,200,000-plus people who live within the borders of this county. You may not realize this, but we have the poorest cities in the United States in this county. You might suspect they were in Mississippi or Alabama, but the three poorest cities in the United States are Robinson, Ill., Dicksmore, Ill., and Fort Heights. They are so poor that they are almost in bankruptcy.

One of the them, Congressman Downey, does not even have a public telephone.

So while we don't administer the JOBS program, everything that has to do with JOBS affects us directly. We have an interest in programs that affect the health of our inner cities because we administer the Midwest's largest health care system, along with the Nation's largest unified criminal justice system.

Inner cities like Chicago are in trouble, as well as the suburbs of the city of Chicago are also in trouble, as demonstrated by the increased use of two programs for which I am responsible. The first one is that more and more people are using the Cook County health care system, which is not just indigenous to the city of Chicago, it covers the Cook County area, inoculations, clinics, and hospitals that serve our suburban counties. Last year in Cook County alone, we served more than 1½ million people.

Crime has exploded in the 1980s here in the county. When Congressman Rostenkowski was elected in 1958, I began law school. In 1961, when I graduated from law school, we had 13 public defenders in this county. Today we have 550. In 1961, we had about 125 State's attorneys in this county. Today we have over 870. In 1961, we had eight criminal court judges. Today we have over 52.

In 1961, the grand jury handed down 2,200 felony indictments. Last year the grand jury handed down 37,700 plus felony indictments. In 1 month last year, the month of August, 3,000 people were arrested in one police district in the city of Chicago.

Just to give you some idea, 70 percent of all the people that are arrested and are jailed at Cook County, where we now have about 8,700 people, are on cocaine. The balance of the people are on heroin or some other form of substance abuse.

The drug epidemic has showed up in our courts, so the percentage of all of our cases, those 37,000 indictments, well over 56 percent of them are simply drug cases alone. The balance, perhaps 50 to 60 percent of them, are drug related. Where the drug-related AIDS cases increase, the number of crack babies strain our ability to respond.

Were it not for the fact that Chairman Rostenkowski and others were interested in seeing to it that we would have some matching funds, we would now be spending over $500 million for health care

in this county for which we receive precious little from the State, and unfortunately, but for the intercession of Congressmen Rostenkowski and Russo, slightly more from the Federal Government.

Our trauma problems here in the city of Chicago have jumped from 2,446 to 4,313 between 1981 and 1991. We are the largest single trauma care center in the Midwest. If you are unfortunate enough to have a couple of bullets in the head, we could probably save you at Cook County Hospital.

Increased demand for county services has forced to us spend tens of millions of dollars more every year simply to keep pace at a time when growth in Cook County revenues has frankly been flat.

I should add we should have spent millions more if it weren't for the legislation that originated with Congressman Rostenkowski in the Ways and Means Committee. In fact, the demand for service has so completely outstripped our revenue base that we had to enact, after 14 months of being a politician, the first ever sales tax for the county in the county's history, as I know that Congressmen Rostenkowski and Russo are aware.

Uninsured and unemployed people have been caught in the middle by forces far beyond their control. The testimony here is so dramatic, to the point that I see this every single day. I have 2,000 people who every year abuse and neglect their children and simply abandon them. Those children remain with the State and with the county. It is our job to sort out how and when these children should be raised. We are increasingly seeing more and more women who are simply turning their backs on the children because of cocaine and cocaine-related deaths.

So when you are talking about family and jobs, all I hear, even when I go to Washington as we did this week to talk to the President—who didn't come in to see us although he had invited us—the most important thing was jobs.

Because counties like Cook have been caught in the middle of problems of uninsured and poor people on the one hand, and the problem of States on the other, I am here to plead with you to temporarily waive the State matching requirement of the JOBS program. Primarily waiving that will free up literally millions of dollars for Illinois. I think it is about $26 million that remains in a checking account out there in Washington.

This money will help get thousands of welfare recipients back on the road. And I am not afraid to say "welfare recipients," because most of those welfare recipients are people like the lady that you just heard from this morning. This will get them on the road, hopefully, to self-reliance through job training and eventually employment. This money will help those of us caught in the middle.

Poor people and the uninsured are caught in the middle. When I am talking about uninsured people, Congressman McDermott, I am talking about people who come, like from your district, who are out in our suburbs, who have been laid off, people who otherwise thought they had secure jobs, now they have no insurance because they have a preexisting ailment. They find themselves coming to our hospitals because they cannot afford to go to a local hospital, who will not take them because they have no insurance.

The poor and the uninsured have been caught in the middle, squeezed by profound demographic shifts beyond their control. Now

new job creation has been occurring, unfortunately, outside of the inner cities and literally outside their reach.

Parts of our county, south suburban areas that Congressman Russo is very familiar with, we are having a hell of a time simply trying to get industry back to where we had some of the heavy industry that marked the Northeast, the Midwest, at the turn of the century.

Mark Alan Hughes of the Ford Foundation estimated that two-thirds of all new jobs in large metropolitan areas were located outside of the central cities. In the Chicago area, all of the job growth occurred unfortunately outside of the Chicago city limits.

The Reagan and Bush administration's dramatic cuts in assistance to the inner cities, such as the 70 percent reduction in housing assistance in the 1980s, have only made things worse. The inaccessability of the type of new jobs that could potentially bring poor people and the uninsured into the economic mainstream and the slash-and-cut domestic agenda of the Reagan and Bush administration was bad enough. Then the recession came, and Illinois's welfare rolls swelled in the last year just reflecting a national trend.

Mr. Chairman, more people than ever are being squeezed, and more people than ever need your help. The State, frankly, is caught in the middle. The States have always been caught in the middle.

The National Governors' Association recently testified in the Senate Finance Committee that States face a triple bind. Welfare rolls have swollen, fewer jobs are available, and budget deficits have forced them to cut back so-called discretionary programs.

In Illinois, the Governor's decision not to provide an adequate match for the Federal JOBS program has made the situation even worse. The inability to access the full JOBS appropriation means that more people will have to remain on welfare, more potentially productive workers will simply remain idle.

Frankly, we are caught in the middle as well. Cook County, the inability to access the full JOBS appropriation means that more people will remain on welfare and our county health care and criminal justice system will continue to be strained to the breaking point.

One thousand people every single day are simply brought to Cook County jail for processing. That is on an every-single-day basis. The JOBS program is a tool to help our inner cities.

The fact that poor people in States and counties are being squeezed did not attract much attention, frankly, until Los Angeles. Suddenly the American public and even the President rediscovered the plight of our inner cities. We have seen policymakers and pundits in the last week search for some new grand idea to save our cities.

Mr. Chairman, I cannot stress enough that there is no reason to reinvent the wheel. The Federal JOBS program is already in place as a tool to help our inner cities.

On Tuesday, when we were supposed to meet with the President, we met with Sam Skinner, who most of us here in Chicago know. I practiced law with Mr. Skinner, and he did listen. Twenty of the largest counties in the United States had one thing to tell him.

And that was: We bear all of the costs of the recession when people are out of work and they are on welfare. It is paid for by the county. When people have no money to go to a hospital, it is paid for by the county. When people have no other place to go and they commit crime, it is paid for by the county. And thus, we need jobs. As if they didn't know that.

We spoke, we think, eloquently to that program. The cities can arrest people, the cities can recommend that people go to hospitals, but the biggest public health hospital system in the United States is run by the counties of this United States.

This JOBS program was the product, as you know, of an historic bipartisan compromise on welfare reform. The JOBS program is a tool to help our inner cities because, first, it reconciles our desires to help those in need with our desire to have people be self-sufficient. It firmly establishes the idea that families could and can be self-supporting. And it encourages States to design flexible, innovative programs.

JOBS' holistic approach provides programs for those making transitions from welfare to work. The promise of JOBS is to get people out of the cycle of welfare and into the cycle of self-reliance.

Early reports demonstrate that when policymakers are committed to the program, it can work. The New York Times recently reported that the participants in California's JOBS program earned more than those who did not join the program, and even the Chicago Sun Times and our historic conservative business group, Crain's, both voice support for the JOBS program.

The irony of JOBS not being fully funded by cash-strapped States during a recession is not lost on this committee. The programs should not be allowed to fall by the wayside during this recession.

I think even though our Governor has decided to cut this, among other things, to cut this program was not a wise choice.

I am here again to ask the Ways and Means Committee to temporarily waive the State's matching requirement, overriding his frugality as far as this JOBS program. And I am not asking for new Federal money. Rather, I am asking that this committee release money that has already been appropriated.

Waiving the matching would allow us to access $29 million, the majority of which would go to the Chicago area. The Voices for Illinois Children estimated that if Congress relaxed the match, Illinois would be able to provide a quality training and support program for between 10,000 and 15,000 additional unemployed parents next year.

It is not just welfare advocates that are trying to have the match lifted. The National Governors Association and the National Conference of State Legislatures, the representative bodies of the elected officials who implement the JOBS program, both want to see the match temporarily waived.

And I might add, Mr. Chairman, that at the meeting the President didn't show up at, I was lectured by Mr. Porter, who I am sure you all know, who is the——

Chairman ROSTENKOWSKI. Our colleague?

Acting Chairman DOWNEY. No, Roger Porter.

Mr. PHELAN. And he, Mr. Chairman, gave me a lecture on economics 101, which I received when I was a freshman at Notre

Dame, and in it he told me about how he didn't have the resources to do this and that and so on, until finally the chairman of Wayne County raised his hand and said, Mr. Porter, I am here to understand what the Government can do for me, and what I can do for the Government; I am not here to become lectured about economics. I share his remarks.

So finally, Mr. Chairman, I hope my pleas here do not go on the deaf ears they did in Washington. Poor people need the tools to achieve self-sufficiency.

Cook County, whose health care and criminal justice system are strained to the breaking point, and the entire State of Illinois will all benefit from the release of additional JOBS money. We cannot remain squeezed in the middle very much longer.

I appreciate the opportunity to be here today.

[The prepared statement follows:]

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STATEMENT OF RICHARD J. PHELAN, PRESIDENT, COOK COUNTY BOARD OF COMMISSIONERS

Introduction

My name is Richard J. Phelan and I am President of The Cook County Board Of Commissioners. Thank you Mr. Chairman for giving me the opportunity to talk about the federal JOBS program

Cook County Is A Stakeholder

Although Cook County does not administer the JOBS program, we have an interest in programs that affect the health of our inner-cities because we administer the midwest's largest public health care system and the nation's largest unified criminal justice system.

Inner-cities like Chicago are in trouble, as demonstrated by increased use of two programs for which I am responsible:

--More and more people use Cook County Hospital every year--a half million people used it last year alone.

--Crime exploded in the 1980s. Felony cases, for example, increased 88% between 1978 and 1988 in Cook County.

--The drug epidemic showed up in our courts--where the percentage of drug cases as a portion of all felony cases jumped from 33% to 56% in the 1980s--and in our hospitals--where the drug-related AIDS cases increased and the number of crack babies strained our ability to respond.

--The health and crime problems of Chicago converged in our trauma center where the number of cases--often the result of gunshot wounds--jumped from 2446 to 4313 between 1981 and 1991.

The increased demand for County services has forced us to spend tens of millions of dollars more every year just to keep pace--at a time when growth in County revenues was flat. [I should add, parenthetically, that we would have spent millions more if it wasn't for legislation that originated in the Ways and Means Committee.] In fact, the demand for County services has so completely outstripped our revenue base that we had to enact our first-ever sales tax, as I'm sure you're aware.

I am here today because poor people and the uninsured have been caught in the middle by demographic forces beyond their control; because states have been caught in the middle by a recession that busted their budgets; and because counties like Cook have been caught in the middle by the problems of poor people and the uninsured on one hand and the problems of the states on the other.

I am here today to ask the Committee to temporarily waive the state match requirement of the JOBS program. Temporarily waiving the match will free up millions of dollars for Illinois. This money will help get thousands of welfare recipients get on the road to self reliance through job training and, eventually, employment. This money will help those of us caught in the middle.

Poor People And The Uninsured Are Caught In The Middle

The poor and the uninsured have been caught in the middle,

squeezed by profound demographic shifts beyond their control. New job creation has been occurring outside of the inner-cities--literally outside their reach. Mark Alan Hughes of the Ford Foundation estimated that two thirds of all new jobs in large metropolitan areas were located outside the central cities. In the Chicago area, all of the job growth occurred outside Chicago's city limits. The Reagan and Bush Administrations' dramatic cuts in assistance to the inner cities--such as the 70% reduction in housing assistance in the 1980s--made things even worse.

The inaccessibility of the type of new jobs that could potentially bring poor people and the uninsured into the economic mainstream and the slash and cut domestic agenda of the Reagan-Bush Administrations was bad enough. Then the recession came. Illinois' welfare rolls swelled in the last year, reflecting the national trend.

Mr. Chairman, more people than ever are being squeezed and more people than ever need help.

The State Is Caught In The Middle

The states have also been caught in the middle. The National Governors Association recently testified to The Senate Finance Committee that states face a "triple bind": welfare rolls have swelled; fewer jobs are available; and budget deficits have forced them to cut back so-called discretionary programs.

In Illinois, the Governor's decision not to provide an adequate match for the federal JOBS program has made a bad situation even worse. The inability to access the full JOBS appropriation means that more people will have to remain on welfare, more potentially productive workers will remain idle.

Cook County Is Caught In The Middle

The inability to access the full JOBS appropriation means that more people will remain on welfare and the County' health care and criminal justice system will continue to be strained to the breaking point.

The JOBS Program: A Tool To Help Our Inner Cities

The fact that poor people, states, and counties are being squeezed does not usually attract much attention. Until Los Angeles. Suddenly, the American public--and even the President--rediscovered the plight of our inner cities. We have seen policymakers and pundits in the last weeks search for some new, grand idea to save our cities. Mr Chairman, I cannot stress enough that there is no reason to reinvent the wheel. The federal JOBS program is already in place as a tool to help our inner-cities.

The JOBS program was the product of an historic bipartisan compromise on welfare reform. The JOBS program is a tool to help our inner-cities because it: reconciles our desire to help those in need with our desire to have people be self-sufficient; firmly

establishes the idea that families can and should be self-supporting; and encourages states to design flexible, innovative programs. JOBS' holistic approach--it provides transitional childcare and medical benefits for those making the transition from welfare to work--is also to be applauded. The promise of JOBS is to get people out of the cycle of welfare and into the cycle of self-reliance.

Early reports demonstrate that when policymakers are committed to the program, it can begin to work. The New York Times recently reported that participants in California's JOBS program earned more than those that did not join the program. In Illinois, the Chicago Sun-Times and Crain's Chicago business both voiced support for Illinois' participation in the JOBS program.

I am sure that the irony of JOBS, a potential pro-growth tool, not being fully funded by cash-strapped states during a recession is not lost on the Committee. The program should not be allowed to fall by the wayside during this recession.

Cutting The States Some Slack

I am here today to ask The Ways And Means Committee to temporarily waive the states' matching requirement. I am not asking for new federal money. Rather, I am asking this Committee to release money that has already been appropriated. Waiving the match would allow Illinois to access $29 million dollars, the majority of which would go toward the Chicago-area.

Voices For Illinois Children estimated that if Congress relaxed the match, "Illinois would be able to provide a quality training and support program for between 10,000 and 15,000 additional unemployed parents next year".

Its not just welfare advocates that are trying to have the match lifted. The National Governors' Association and The National Conference Of State Legislatures--the representative bodies of the elected officials who implement the JOBS program--both want to see the match temporarily waived.

Mr Chairman, poor people and the uninsured--who need the tools to achieve self-sufficiency; Cook County--whose health care and criminal justice systems are strained to the breaking point; and the entire state of Illinois would all benefit from the release of additional JOBS money. We can't remain squeezed in the middle very much longer.

Chairman ROSTENKOWSKI. Thank you, Mr. President. I think I can express at least this panel's view that you are preaching to the choir.

Mr. PHELAN. I hope so.

Chairman ROSTENKOWSKI. We are probably more enthusiastic about eliminating that match, if only temporarily, than anyone else.

And I am pleased to hear that you met with Mr. Skinner, because Mr. Skinner, as my colleagues know, is chairman of the task force appointed by the President with respect to the urban problems that we see evidenced. We are going to meet with him in the middle of next week. We have met with members of the Urban Task Force on the House side this last week, and certainly the suspension of this match is on our agenda.

You know as well as I do, Mr. President, we all want to invest in our citizens, and Ms. Hartsfield's observations with respect to the mine field she has to live in are things that are coming into focus in Washington.

But it is always money. It is priorities. It is where you get the money, and if you do raise the revenue, what are the priorities with respect to investment.

I can think of no greater values than the human values espoused here that we really ought to see that we create an atmosphere of help from the Federal Government, and that we try as hard as we can to serve people who are enthusiastic about getting a job.

Mr. PHELAN. In our meeting with Mr. Skinner, I think he indicated he wanted a dialog with us, and I think knowing Sam as you and Congressman Russo have for many, many years, he understands that the problems here are just frankly overwhelming, and we are being cut out of moneys that the State promised us, the cities and counties, and everywhere it seems we have to turn back and raise revenues here.

But this is one program where if you waive the matching requirement, there is no new money required and this money is going to one thing I think everyone agrees on. Even Mr. Porter, God love him, would agree that jobs will occur here, and this is the one thing that is needed to drive the engine of this economy.

Chairman ROSTENKOWSKI. Mr. Russo.

Mr. RUSSO. Mr. Chairman, we can save the State of Illinois $1 billion a year in health care costs if a single-payer national health care system were adopted. There are ways of doing it, if we are willing to bite the bullet and make some major changes, but I don't see that happening right away.

There is nothing that gives a person more pride and dignity than having a job and being able to make it on their own. It is frustrating having a congressional budget of $1.5 trillion, but not having the sufficient funds to help take care of the citizens who pay taxes in this country.

There is a big battle going on in the appropriations process concerning, 20 B-2 bombers. We don't know who we are going to use them against, but we are going to build them at a cost of $25 billion.

Mr. PHELAN. Maybe we can sell them to Yugoslavia.

Mr. RUSSO. SDI spending went up to $6.5 billion, the space station will cost $100 billion.

The question is, where are the priorities? I don't think it is a question, Mr. Chairman, of not having the resources: $1.5 trillion is a lot of money. The question is how you allocate those resources.

The money is there, we need to change the way we spend it. Programs that work are not receiving the funding they deserve.

If Toby Herr had more money, she could help more people who see no light at the end of the tunnel, or have goals. We are going to nickel and dime a program to give American people dignity, but spend billions to put bombers on runways. This is the problem, this is the message the people have to give the elected officials.

I will save you $100 billion very easily. H.R. 1300 is the way to do it.

Mr. MCDERMOTT. Mr. Chairman, thank you.

I want to assure Mr. Phelan, the two Members from Chicago have already stolen my speech.

Mr. PHELAN. I don't mind hearing it again.

Mr. MCDERMOTT. I was born in Chicago and spent 4 years living in 4127 West Bolert in the medical center and trained at Cook County, so I know firsthand what this city has gone through.

The interesting thing about what both of you have said and what Mr. Antolin said before, is that health care is sucking an enormous amount of wasted money, or we are wasting money because we do not have a universal system in this country that could be used for other things. And that is one of the reasons why I think Marty's proposal for H.R. 1300, a single-payer system, is so crucial to solving the JOBS program.

Our lack in this country of a national health insurance program is really integral to the whole of our competitiveness in the world. And it is obvious from just the problems you describe here in the State of Illinois and specifically in Cook County.

Mr. PHELAN. I would be glad to tell all of the residents and interns at Cook County, the thousands more of them, that you are in Congress.

Chairman ROSTENKOWSKI. Thank you very much.

Mr. PHELAN. Thank you very much, Mr. Chairman.

Chairman ROSTENKOWSKI. Jerry Stermer, Kathy Flynn, Shelley Peck, Kathleen Kelly, and Gordon Johnson, please. Welcome, gentlemen, ladies, to our panel. We appreciate your taking time out of your schedule to join us and give us your views on what we can do to help those people that are most in need. I believe Ms. Flynn——

Ms. KNAUSS. I am Jenny Knauss, the executive director of the Illinois Caucus. I am replacing Kathy Flynn.

Chairman ROSTENKOWSKI. Fine. If you would like, we would like to seriously try to limit your observations to 5 minutes so that we can get to colloquy.

Ms. Knauss, if you are taking Ms. Flynn's place, would you begin, please?

STATEMENT OF JENNY KNAUSS, EXECUTIVE DIRECTOR, ILLINOIS CAUCUS ON TEENAGE PREGNANCY

Ms. KNAUSS. Yes. The Illinois Caucus on Teenage Pregnancy is a statewide membership organization which has been monitoring the impact of the FSA on parents in Illinois since implementation began. We have developed a number of proposals on improving delivery of services over time.

I want to talk about teen parents because I think it is very important, because they are a target group under the act. They do have some special needs. The needs of teen parents are the sort of boiled-down needs of the rest of the population; they have those same needs but more so, and are even more needy in many ways.

We have suggested that teen parents need specially trained staff who understand them, and we have advocated with the department of public aid in Illinois to get those specially trained staff. We trained them. We are not being used anymore because there is no funding to keep them going.

We concur totally with Toby Herr. We think teen parents even more than other people on public aid need case management and support services. It is absolutely critical to keep them on the job.

You have in teen parents the opportunity to intervene in at least two people's lives, maybe more. I agree with what Mr. Antolin this morning said about the importance of assessing the children too, because this is an opportunity to reach children for whom there may not be many opportunities to reach them.

And lastly, I want to get to the question that you raised about the motivation not to get pregnant with the last panel. I want to say, as somebody who has been watching teen parents all over the State of Illinois for the last 10 years, it is the absence of a job, not the presence of a check, that makes young women get pregnant.

The JOBS program in many ways is the best lifeline to give young women the motivation to go ahead with their lives and not to get pregnant. And I want everybody to understand that very clearly. That is underpinned by all kinds of international data in countries which have a much higher maternity benefit and child support benefit than this country has, where the teen pregnancy rate is 50 percent as high.

So I know that we have a lot of work to do in getting that piece of public education, but jobs are the answer, and not just jobs for young parents, but being put on a course that leads one toward a job, accompanied by management and support services.

Only 3,000 teen parents right now are being served out of the 26,000 who are eligible. That leaves somewhere in the State 23,000 eligible teen parents who are, at minimum, getting just a check; at maximum, getting a few parents to assume services that are available but are not necessarily integrated into what is happening to them through the welfare system. That is a lot of young mothers, and they also represent a lot of children who are not getting adequate services.

So in terms of numbers, we think there are a lot of deficits. There are also deficits in the kinds of services which are offered.

So far, in the history of the Family Support Act in Illinois, no new services have come about through the Family Support Act.

There is one case in which a program which was previously funded by other Federal funds, which were exhausted, is funded with State revenue that is Project Advance. We have seen no new services for this group come about.

I agree with what Mr. Antolin said this morning about the importance of looking at programs like Project Pride and considering making them matchable under the act. But I want to say that before we move to programs which are essentially prevention programs to prevent young women from getting pregnant, we need to make sure there is a stable funding base for the young parents who are a target group. You must not slough them off, because this act was designed for them.

The 20-hour rule has been talked about all morning. I think that it particularly hurts young parents, because the kinds of GED classes, alternative school programs, community college course work which are not matchable, which are not included under the 20-hour rule, are particularly what a young parent needs because they are often alienated from their schools. They may have been forced to drop out. So what this has forced the State to do is to focus on young parents who are in traditional 35-hour high school programs rather than dropouts, and it is dropouts who are the most needy. The State has been forced to take the easy way out, and many of those 3,000 are actually still in school, and really the cream. So I think that is an important thing to think about.

We also want to point out that the 20-hour requirement does not include a precomponent for young parents which would enable them to get a proper assessment, case management and counseling, which they often need before going directly into a program, and we advocate that the Federal Government include that in any reform of the 20-hour rule.

The FSA has been hampered from without as well as from within. The reality is that Congress has been withdrawing support from such families rather than investing in their future.

One example is the grants for licensing and monitoring program, which Illinois used to enhance child care services for teen parents. That has been eliminated. There is another example of legislation which would help, and there is still time to pass it, and that is the Family Preservation Act, which goes hand in hand, because it would help prepare young parents for the JOBS program. And it is absolutely critical that you see them both as a pair, and that this be passed. We urge you to pass it.

Finally, we go along with the other Illinois advocacy groups in calling for major change toward a Federal grant program or toward more flexibility in waiving the match. We would like to see a permanent positive change, not just one for the years of recession, because what is broken is not just broken because of the recession; it has been made worse by the recession.

Thank you.

[The prepared statement follows:]

ICTP

Illinois Caucus on
Teenage Pregnancy

Testimony to the Ways and Means Committee May 29, 1992

The Illinois Caucus on Teenage Pregnancy (ICTP) is a statewide membership organization. For the past fifteen years ICTP has served as a public education and advocacy organization on adolescent pregnancy and related issues, such as drop-out prevention, family life education, and the welfare-to-work transition. The ICTP has followed the passage of the Family Support Act and the development of its regulation, advocating with other interested parties for policies that promote the well-being and needs of young parents. We have monitored the implementation of FSA as it impacts adolescent parents in Illinois and have developed a number of proposals for resolving problems in the delivery of services.

Because of state budget limitations, Illinois has been unable to fully fund its JOBS program, Project Chance. In February 1992, IDPA estimated that there were less than 3,000 teen parents participating in JOBS. There were an estimated 26,000 who were eligible. We have just released a report on Project Chance, and its impact statewide on young families (see addendum). For this report we talked to service providers throughout the state, young parents and Department of Public Aid (DPA) youth program staff. We reviewed all of the available information from DPA.

The findings were disheartening, even though young families were a priority under both the federal and state JOBS program. We found a number of problems stemming from funding match requirements and budget limitations. For example, because Illinois never drew down its full Federal match due to state budget constraints, new services to young parents were limited. In fact, we found no new monies being spent on these young families with the implementation of Title IVA other than the inclusion of an already existing demonstration project--Project Advance--under the Project Chance budget. The tracking information required by the federal government provided us with no specific information about the services provided to teen parents. In fact, other than the records kept in two model programs in Chicago--the aforementioned Project Advance and the Young Parents Program-- Illinois has no way of knowing exactly how many teen parents utilized Project Chance.

Secondly, the twenty hour rule for participation rates required by the federal government excludes from the participation 'count' some of the most appropriate education programs for teen parents seeking an education - namely GED classes, alternative school programs held after school hours, and community college coursework. This has forced the state to focus on young parents in traditional thirty-five hour high school programs, rather than their often more disadvantaged counterparts in alternative schooling. For example, there have been cases of dropouts wishing to return to education have been denied child care and other services because they did not fit into the 'formula.'

Finally, the twenty hour participation rate should also include a pre-component for teen parents which includes the case management and counseling often need to stabilize a young parent's

life. Many young people need this component to prepare them for the employment program and IDPA has been providing these services without being able include them in the participation 'count.'

Although Chicago has two very strong programs for teen parents which existed before the implementation of Title IV A, the Young Parents Program and Project Advance, they by no means meet the needs of the entire state. We are very concerned that although the federal government acknowledged the special needs of young families by making them a priority, the Family Support Act has provided little if any new opportunities for this population in Illinois. For example, Congress eliminated the Grants for Licensing and Monitoring Program which Illinois had used for enhanced child care referral service for teen parents in JOBS. This illustrates a pulling back rather than an investment in young families.

A system must be developed which provides real numbers on usage and outcome or we cannot meaningfully evaluate the millions of dollars spent on Illinois' JOBS program. The quota numbers required for meeting federal participation rates do little to help us as advocates understand the successes and failures of our state JOBS program. States must have adequate financial support from the federal government to enable progress to be tracked, not just enrollment.

In conclusion, the twenty hour rule is a problem for teen parents. It does not have the flexibility to count as full time participants students in 12 hour GED or college programs. The JOBS program must allow for alternative educational programs rather than penalizing students. We know that the Illinois Department of Public Aid has advocated with the federal government that structured study time be counted to make the twenty hour requirement. We support this recommendation.

We also recommend the addition of a new component for young parents which includes case management and counseling often necessary before a teen parent can begin and education or training program. The current risk is that with severely limited funding, caseworkers will have to forgo working with those who are essentially "pre-component" - leaving those most in need outside the system of services.

We join with other Illinois advocacy groups in urging Congress to rethink the matching requirement for state programs. In early 1991, the state suffered a shortage of funds for the program. There were severe cutbacks to services. The big losers were clients, particularly teen parents who were not able to get the child care they needed to re-enroll in school. Providers noted that during this period, "budget cuts made people drop-out of school" because they were unable to access supportive services. Drop-outs are so very vulnerable and yet when the state was unable to fund programs, they were the first to lose.

On a related issue, we would also like to comment on the Family Preservation Act. Families who should be benefiting from the JOBS program often have more serious problems that have to be addressed first. Illinois has made an important start with the Family First Program, but the expanded resources in the Family Preservation Act are urgently needed so programs like these can reach many more children and their families.

Chairman ROSTENKOWSKI. Thank you.
Ms. Peck.

STATEMENT OF SHELLEY PECK, ADVOCACY ASSOCIATE, DAY CARE ACTION COUNCIL OF ILLINOIS

Ms. PECK. Hello, my name is Shelley Peck of the Day Care Action Council. We have been around since 1969 as a nonprofit advocacy group.

Our membership includes parents, providers, and other folks concerned about the expansion of quality child care in the State of Illinois. Because so many of our members provide care to the State's lowest income family, we felt a special obligation to monitor the program and keep an eye on the child care needs of JOBS clients.

Recently, the Illinois Department of Public Aid released a study it had commissioned on the child care needs of its recipients. Of the 2,800 single-parent AFDC parents studied in this study, 42 percent said child care problems prevented them from working full time, 39 percent said child care problems prevented them from going to school, and 20 percent said they had to return to public aid because of child care problems.

So clearly, having child care is vital to getting these programs to work. Getting child care is another question.

As you heard before, State budget constraints have been brought about primarily because there haven't been enough funds for child care within Project Chance. As a result of cost containment measures, Project Chance for a while found itself in the absurd position of telling parents of young children who volunteered for the program that they had to wait, while mandating participation for people who didn't want to be there but were cheaper to serve because they didn't have child care needs.

Like all parents, AFDC and former AFDC recipients are greatly concerned about the quality of care to which they entrust their children, but these parents are at the greatest disadvantage when they have to go out into the marketplace to find that care.

First, there is just a dearth of licensed care in the State. The DPA study referenced earlier found that statewide, there is about 12 children for every licensed slot. In those areas of the State, the ZIP Codes with the lowest income in inner city areas, that ratio goes to 18 children for every slot.

Then, too, providers are often hesitant to accept subsidized children into their programs simply because State rates paid for child care are too low.

Finally, utilization of JOBS child care programs are hampered by the quality and types of communication between the department and clients. And this is most prevalent in the transitional child care program. There are still so many parents in the State who have no idea of the existence of transitional child care.

Recently, the department tried to correct this, and there is a new procedure implemented that said that if a family is being terminated from its cash grant, the family is supposed to receive a notice about transitional. Clearly this has worked because since this procedure has been in place, State spending for transitional child care has increased dramatically.

So it is fine for those who get the notice, but there are still so many who don't get the notice. For instance, if you are coded wrong in the computer, you will never receive the notice and you might never find out about the existence of transitional child care.

We have been trying unsuccessfully to get the State to notify all families who are leaving AFDC regardless of the reason about the existence of transitional child care. We have no doubts that here again, State budget constraints inhibit the State from more aggressively marketing the transitional child care program.

We have a lot of work to do in the State but there are some ways the Congress can help, too. We join the others on the other panels who urge Congress to either suspend or reduce the State matching requirement for JOBS.

We also urge Congress to take a look at the possibility of doing the same thing for transitional child care, or at least you might want to consider doing a pilot project in one State, maybe Illinois, for instance, to see if utilization rates for transitional increase. We bet it will.

Congress could require States to notify all families who are leaving FTC regardless of the reasons for transitional child care. We would urge you to do so.

Finally, Congress must repeal arbitrary regulations that set a low ceiling on the reimbursement rates that can be paid for child care. Instead, we would urge Congress to require States to pay rates that are acceptable in the marketplace, and that give parents real choices.

Thank you.

[The prepared statement follows:]

STATEMENT OF SHELLEY PECK, ADVOCACY ASSOCIATE, DAY CARE ACTION COUNCIL OF ILLINOIS

Established in 1969, the Day Care Action Council of Illinois (DCAC) is a not-for-profit organization of parents, child care centers, home day care providers, educators, and others who are dedicated to the promotion and expansion of quality child care services in Illinois.

Because so many of our members provide child care to the state's lowest income families, DCAC has felt a special responsibility to monitor the Illinois JOBS program, Project Chance, with a particular focus on the child care needs and problems of AFDC and former AFDC families.

Two years after Illinois first implemented its JOBS program under the federal Family Support Act, the state is still learning some tough lessons in just how important safe and reliable child care is to the effort.

According to a study commissioned and recently released by the state Department of Public Aid (DPA) entitled, Child Care and AFDC Recipients in Illinois: Patterns, Problems and Needs, finding and affording reliable child care may be *the* single most important factor for parents seeking to get off and stay off welfare in Illinois. Of the 3,800 single-parent families surveyed, 42 percent said child care problems prevented them from working full time, 39 percent said child care problems prevented them from going to school, and 20 percent said they had to return to public aid within a year because of child care difficulties.

Yet access to vital child care services by these families are hampered by many factors.

Inadequate funding of child care services has restricted access to the JOBS program in Illinois.

The accessibility of JOBS child care programs requires adequate funding at the state and federal levels. Nowhere is this illustrated more graphically than with Project Chance, the Illinois JOBS program. Project Chance was beset by child care problems just a few short months after its implementation -- problems that had far-reaching implications for the entire program.

Demand for child care and other supportive services in the new Project Chance far exceeded anyone's expectations. In the fall of 1990, DPA realized that at current rates of spending, it would run out of supportive services dollars by April. State budgetary constraints inhibited the infusion of new state dollars into the program, thus stringent cost containment measures were implemented.

Cost containment was effective in that DPA did not run out of money in fiscal year 1991 and that commitments to current participants were maintained. However, closing voluntary intake meant Illinois had great difficulty meeting the federally mandated participation rate. The state met this participation rate only by abandoning its "volunteer first" approach and mandating participants into the program. As a result, DPA found itself in the absurd position of telling recipients with young children who wanted to volunteer for Project Chance that they must wait while mandating participation for individuals who did not want to participate but were less expensive to serve because they did not have child care needs.

Access to safe and reliable child care by AFDC and former AFDC recipients is hampered by many factors.

Like all parents, current and former recipients of AFDC are greatly concerned about the quality of care to which they entrust their children. Unfortunately, these parents are often at a great disadvantage when it comes to finding the quality care that they prefer for their children and that they need to get a job or get into school or training.

Over 65 percent of those surveyed in the DPA child care study who were using child care relied exclusively on informal home care arrangements--77 percent were using informal arrangements as some part of a mix of different child care arrangements.

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This is due, in large part, to the type of work and school arrangements public aid recipients most often find. Low paying jobs, part-time jobs, and jobs that require working nights and weekend shifts are all typical of the kind of employment most find while they are on welfare or after they leave welfare. Not surprisingly, these parents need the least expensive and most flexible kind of care, leading to greater use of informal care, the use of multiple providers and to frequent changes in providers.

However, reliance on informal care has important ramifications. It can make full-time work difficult or impossible since informal care arrangements are very likely to be undependable and break down frequently. Thus, AFDC parents are often trapped in a debilitating cycle. The type of work they can get often dictates the type of child care they must rely on. In turn, this type of child care makes it more difficult to work full-time or complete an education or training program.

Although most parents in the study used informal care (primarily relatives and license-exempt homes), it was not necessarily their first choice. Over half the parents who were using some form of child care at the time of the survey said they would have preferred to use a child care facility such as a center, nursery school, or a before and after school program. Many expressed a strong interest in an early educational experience for their children.

Head Start and the state's Pre-K programs for preschoolers at risk of academic failure provide the enriched early childhood education parents seem to be looking for. Yet because these programs generally only operate for part of the day, they are of no help to working parents or those in school or training.

In addition, nearly 60 percent of those interviewed said that it was important to them that their children be taken care of by a provider licensed by the state. While some license-exempt situations are of high quality, often they are informal arrangements that offer children little enriched educational or emotional attention. Licensed facilities, at least, have to meet certain basic health and safety standards and are more likely to include enriched educational components.

However, there is a serious dearth of licensed care in Illinois, especially for poor families who live in the inner city. Data from the DPA child care survey shows that statewide there were 1,886,700 children under the age of 11 in 1990 and 157,616 licensed child care slots. This yields a ratio of 12 children per slot. Areas of the state (designated by zip code) with the highest incomes had a ratio of 10.3 children per slot. In areas with the lowest incomes, the ratio was 16.1 per slot. Within these poorest areas, the ratio for inner city zip codes was 18 to 1, while the ratio for rural areas was comparable to the state average.

In addition, the demand for infant and toddler care is greater than for older children given the supply. This leads to serious problems for teen parents who are required to participate in JOBS regardless of the age of their children.

The inadequate supply of child care combined with a lack of transportation are serious issues affecting the child care choices of AFDC and former AFDC families. However, the most important constraint on child care selection is the high cost of care. The cost differential between relative or license-exempt care and center care is leading many low income families to rely on less expensive informal arrangements.

The importance of JOBS child care assistance programs is very apparent in this context. The DPA study demonstrates that the child care actually selected by parents participating in state subsidy programs more closely resembles their stated preferences. *In short, child care assistance through the JOBS program has promoted parental choice.* Nearly all those surveyed who were receiving child care assistance described it as a vital source of support. A significant majority said they would not have been able to work or go to school without a child care subsidy.

Yet, utilization of these programs is not what it should be. Of the three DPA programs examined by the study (the Earned Income Disregard, Project Chance, and Transitional Child

Care), only about half of those eligible reported that they were receiving help in paying for their child care.

DPA provides child care assistance through no less than eight different programs. According to the study, differences in DPA procedures, forms and payment processes for these programs cause confusion among both parents and providers and lead to underutilization of JOBS child care programs. Even in the best of circumstances, a parent making the transition from welfare to work will have to ask three different workers in two different agencies four different times for child care assistance. She will have to fill out different forms certifying her provider's legality three times, and she will have to master four different monthly reporting mechanisms and three different payment mechanisms. A parent must request child care for each stage of her eligibility and at precisely the right time or risk an interruption in her child's care.

Then, too, providers are often hesitant to accept subsidized children because the rates paid by the state are too low. More frequently than any other factor, the state rate paid for child care was cited as a barrier to serving more subsidized children by providers in the DPA study. Half of the providers said the state rate did not meet their actual cost of care, falling short of their actual costs by an average of 23 percent.

If parental choice of child care is going to be more than just a slogan, current and former AFDC recipients must have adequate child care assistance that will allow them to buy quality child care at market prices.

Utilization of JOBS child care programs is also hampered by the quality and types of communication between the Department and clients.

There is no doubt that Project Chance caseworkers were very aware of the cost-containment efforts during recent Project Chance budget crunches and therefore were very stringent about the approval of child care services for Project Chance participants. Callers to the Day Care Action Council community child care referral line reported incidents of caseworkers who misinformed, misled or mishandled cases. For example, one parent was told that Project Chance would not pay for center-based child care, which of course is more expensive. Another was told that her eight-year-old could stay at home alone.

Despite a new notification procedure started by the Department in state fiscal year 1991, too many parents still seem to be unaware of the existence of Transitional Child Care assistance. Under this fairly new procedure, persons who leave AFDC because their income from a job makes them ineligible for public assistance are supposed to be sent a letter explaining their possible eligibility for transitional child care assistance.

The letter has dramatically increased utilization of TCC in Illinois which is reflected in state expenditures for the program. In state fiscal year 1990, Illinois spent about $3.2 million for TCC. In FY 1991, it spent nearly $5 million.

The notification procedure clearly works for those who receive (and understand) the letter. But many potentially eligible clients never do. A recipient who starts a new job but is coded as being cut off aid because "the client requested termination" will never receive a notice or application. Likewise, recipients who begin to work and are terminated when they fail to keep an appointment or to submit a monthly report might also be eligible but are not given the opportunity to apply.

We believe the DPA should notify all clients about to be terminated from AFDC, regardless of the reason, about the existence of Transitional Child Care. We continue to be told by the Department that, "Because there are such a large number of reasons for the cancellation of public assistance cases...it would not be appropriate to provide notification of transitional benefits to all individuals whose cash benefits are terminated." We cannot help but think that state budget constraints inhibit the Department from more aggressively marketing Transitional Child Care.

- Day Care Action Council of Illinois -

Project Chance deserves the time and money it needs to succeed.

In Illinois, it is clear that the Family Support Act has not worked out the way Congress and state advocates had hoped. But that does not mean that the basic premises and goals of the Family Support Act are flawed. By now, we all are aware of the promising results of a recent study of the California JOBS program by the Manpower Demonstration Research Corporation.

Indeed, Project Chance in Illinois shows some very promising signs of succeeding *if given adequate time and money*. Project Chance has never received the funding necessary to provide services to all individuals who want help with education, employment training, and support services, like child care.

In addition, intense political pressures for politicians to reform the welfare system may not allow Project Chance the time it needs. Unfortunately, it seems as though the state and federal governments have unrealistic expectations of what it takes to move from welfare to work and have designed a JOBS program that expect results in just a year or two. Yet, our experience in Illinois shows that it takes much longer, perhaps as long as four or five years, for very disadvantaged families to make the transition from welfare to work.

Lawmakers must look at welfare-to-work policies as a long term investment, providing the money and stick-to-it-ness this effort requires.

Recommendations.

Many of the issues we have discussed are issues that state government must resolve. However, we believe it is important that Congress understand how the laws it passes are being played out in the states. For example, if utilization of the Transitional Child Care program is not what Congress expected it to be, part of the reason may be cumbersome state application and payment procedures that act as barriers.

However, there are important issues that Congress can address, and we strongly urge Congressional action on the following points:

- Largely due to the recession, Illinois and many other states are under tremendous budget and fiscal pressures. As a result, the states have not been able to draw down all the federal funds that have been allocated to the JOBS program. Congress should suspend or reduce the state match requirement for JOBS, providing Illinois with about $30 million that will allow the state to run a better JOBS program.

- We believe that it is state budget constraints that also inhibit the states from more aggressively marketing the Transitional Child Care program to potential recipients. Congress could eliminate the state matching requirements for TCC, or at least, develop a pilot program eliminating the match to determine if TCC utilization rates increase.

- Congress should require the state to notify all families who are about to leave public aid about the existence of the Transitional Child Care program.

- Congress should repeal federal regulations that place an arbitrarily low ceiling on child care reimbursement rates and instead require states to set reimbursement rates that are acceptable in the market place and give parents real choices.

Chairman ROSTENKOWSKI. Thank you.
Ms. Kelly.

STATEMENT OF KATHLEEN N. KELLY, GOVERNMENT AFFAIRS ASSOCIATE, UNITED WAY OF CHICAGO

Ms. KELLY. Hello. My name is Kathleen Kelly. I am here representing the United Way of Chicago. I will try to keep my remarks brief, but first of all I want to thank you for coming to Chicago and holding these hearings. This is evidence of your commitment to and interest in effective implementation of the JOBS program. And we at United Way share that commitment.

We have been involved with welfare reform initiatives since former President Reagan called for welfare reform in his 1988 State of the Union speech. We have worked at the Federal level monitoring and commenting on proposed regulations and legislation, and at the State level we have collaborated with other human service professionals. And at the invitation of the Illinois Department of Public Aid, we helped develop the framework of what we consider a model welfare-to-work program.

This programmatic framework, which has been largely adopted and which has been referenced several times, called for up-front, comprehensive assessments of participants' education and training needs, their employment goals, and their supportive service needs, including child care and transportation, and significantly, their other social service needs.

Many of these recipients need substance abuse treatment, domestic violence intervention, self-esteem counseling, life skills training, parenting classes, et cetera. As a result of these assessments, clients are to be referred for their education and training needs, and for their other social service needs. And significantly, clients were to be assigned case managers that could help keep all of these supports together and keep them flowing.

As has been said, IDPA began implementing this in 1990, and Project Chance, Illinois's welfare-to-work program, probably had its finest hour in the fall of 1990. At that time, opportunities were available to clients for both their education and for their social services needs.

A survey of participants at that time revealed that these welfare recipients did indeed feel positive that they had these opportunities and they very, very much wanted to get their lives together and to take steps toward self-sufficiency. Unfortunately, due to funding constraints, the State implemented cost containment measures at the beginning of 1991, which have been in effect ever since.

Based on these measures, the State has restricted intake, and has mandated some participants into job serve components.

The key words that I would like to underscore here are "funding constraints and restricted intake." The effect of these cost-containment measures has been a decline in opportunities for welfare recipients, and with fewer opportunities to go into education and training.

This may be a classic case of a program that is not allowed to achieve its legislative goals due to inadequate funding levels.

State officials have told us repeatedly that the State match requirement for the drawdown of FSA dollars is the obstacle to adequate funding for Project Chance, and that because of the State's fiscal difficulties, the State cannot afford to take full advantage of this Federal funding extreme.

As a result, the State has not increased State expenditures sufficient to draw down its full FSA dollars. Rather, the State has decreased State funding for Project Chance over the last 2 years. And I can provide you with specifics, if you like, if that is important to you, and the State proposes to reduce funding even further for fiscal year 1993.

And just as has been said before, Illinois has been allocated $52.7 million in FSA JOBS dollars for fiscal year 1992, and according to the regional office of HHS, is expected to draw down $19 million of those funds.

The proposed decrease in funding is coupled with the Governor's proposed reorganization of Project Chance, which will involve giving primary responsibility for its operations to the community college system, and eliminating all welfare-to-work programs in 52 counties, that is over half of the State, and laying off about 300 IDPA staff that have provided case management to these participants.

At this time, it is not clear who will provide case management to these participants, and they very much need case management. Welfare recipients are not your typical students walking into an educational program. They are living below the subsistence level in terms of their income. They are trying to keep life and limb together and they are trying to get food on the table for their children.

These layoffs of caseworkers and the elimination of the program in 52 counties are cost-cutting measures and they are examples of how funding constraints are thwarting the achievement of the legislative goals and congressional intent.

The bottom line is that welfare reform can work if it is adequately funded, which has been demonstrated in Illinois.

We again urge you to waive the State match requirements so that States can draw down their full allocation of FSA dollars. And we further urge that based on the dramatic unmet needs, that these dollars be made available as soon as possible.

We also want to emphasize that we are seeking Federal funds to support positive approaches to welfare reform as opposed to the punitive approaches like the new baby penalty. Positive approaches respect individuals' dignity and recognize their strengths, and provide the necessary supports. If we do welfare reform in the right way, the positive way, we are convinced many other problems that are facing our society in both our city and our State as a whole will also be addressed.

And finally, positive welfare reform is cost effective. We have heard discussion here about the Federal budget constraints. However, I want to emphasize that research has shown that there is a payback, there is a dollar payback for good welfare reform, that the programs can break even in 2 years, and that there can even be up to a $5 million profit, if you will—I don't know if that is the right word—in 5 years.

And if you remember, regarding the new baby penalty, that is the business about restricting a mother's welfare grant based on the births of additional children, no data supports this. I understand that perceptions sometimes become realities, but this is a classic case of a myth that needs to be broken.

And finally, not only will good welfare reform be cost effective, it also can be the basis for stronger, healthier families and communities.

Thank you very much.

[The prepared statement follows:]

TESTIMONY
COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON HUMAN RESOURCES
HEARING ON THE JOB OPPORTUNITIES AND BASIC SKILLS (JOBS PROGRAM)
MAY 29, 1992

Presented by: Kathleen N. Kelly
United Way of Chicago

Hello. My name is Kathleen Kelly and I represent the United Way of Chicago. First, I want to thank you for coming to Chicago and holding these hearings which are evidence of your commitment to and interest in effective implementation of the JOBS Programs of the Family Support Act so that the intent of the legislation -- to support AFDC recipients' transition from welfare to work -- can be realized.

UWC shares in that commitment. As a leader in Chicago's social services delivery system, UWC provides funding to about 250 local human services agencies which support a wide range of essential social services which address the needs of all age groups. It is UWC's mission to help support those individuals who are truly dependent and to help those who are able to become self-sufficient to the greatest degree possible.

It is within this context of supporting programs that promote individuals' self-sufficiency that UWC has been actively involved with welfare reform initiatives since former President Reagan called for welfare reform in his 1988 State of the Union speech. At the federal level, we monitored and commented on legislative proposals and proposed regulations. At the state level, we collaborated with other human service professionals and, at the invitation of the Illinois Department of Public Aid (IDPA), developed the framework of a model welfare to work program as a basis for the state's implementation of the Family Support Act. This programmatic framework which IDPA largely adopted called for upfront comprehensive assessments of participants' education and training needs, employment goals, supportive service needs -- including child care and transportation -- as well as social services needs such as substance abuse treatment, domestic violence intervention, self-esteem counseling, life skills training, parenting classes, etc. As a result of these assessments, clients were to be referred to education or training programs, as appropriate, including, for example, adult basic education, literacy classes, GED preparation, vocational training, or college programs, or, if they were job ready, to a work preparation or job search program. Significantly, clients were also to be assigned to case managers to assure that they received the supports they needed in their transition from welfare to work.

IDPA began implementing the Family Support Act JOBS program in April 1990, based on this programmatic framework. Illinois' welfare to work program, which has been called Project Chance, perhaps had its finest hour in the Fall of 1990. At that time, opportunities were available to welfare recipients who volunteered for education and training programs that were appropriate for their educational needs and consistent with their career goals. Additionally, child care and transportation assistance were available to them -- which enabled them to take advantage of these education opportunities. A survey of Project Chance participants at that time revealed that these welfare recipients felt positive that they had these opportunities and supports -- that they wanted to get their lives together and take steps to move off welfare and into paid employment.

Unfortunately, due to funding constraints, the state implemented cost containment measures at the beginning of 1991 which have been in effect ever since. Based on these cost containment measures, the state has restricted intake for welfare recipients wishing to pursue educational goals and, in order to meet federal participation requirements, has mandated some recipients into job search components.

The key words I would like to underscore are funding constraints and restricted intake. The effect of these measures has been a decline in opportunities for welfare recipients to move toward self-sufficiency with fewer numbers of participants able to obtain the education and training that they need to meet the current work force demands.

This may be a classic case of a program not allowed to achieve its potential goals due to inadequate funding levels.

Significantly, state officials have repeatedly stated that the state match requirement for draw down of the Family Support Act/JOBS dollars is the obstacle to adequate funding for Project Chance -- that because of the state's fiscal difficulties the state cannot afford to take full advantage of this federal funding stream.

As a result, the state has not increased state expenditures sufficient to draw down its full share of FSA dollars and has taken advantage of less than half of those funds available to Illinois. For example, Illinois has been allocated $52.7 million in FSA JOBS dollars for FY92 and is expected to draw down about $19 million of those funds. Furthermore, the state has even decreased state funding for Project Chance over the last 2 years. Now the FY93 state budget proposes to reduce state expenditures for welfare to work activities even further by $16.2 million to that minimal level of state spending based on the 1986 state spending floor in order to be in compliance with federal requirements.

This proposed decrease in funding is coupled with the Governor's proposed reorganization of the state's welfare to work programs which involves giving primary responsibility for its operations to the community colleges system, eliminating all welfare to work activities in 52 counties, over half the state, and laying off about 300 IDPA staff that have provided case management to the participants. At this time it is not clear who, if anyone, will provide case management to help assure that participants receive the supports they need to successfully move off welfare. Consequently we expect program effectiveness to decline even more.

These layoffs and elimination of the program in 52 counties are cost cutting measures and are examples of how funding constraints are thwarting the achievement of legislative goals and congressional intent.

The bottom line is that welfare reform can work if it is adequately funded, which has been demonstrated in Illinois. We therefore urge you to waive the state match requirements so that states can draw down their full allocation of FSA JOBS dollars and can provide the supports welfare recipients need to become self-sufficient. We further emphasize that, based on the dramatic unmet human service needs that exist in our city and state, that these dollars are urgently needed as soon as possible.

We also want to emphasize that we are seeking these federal funds to support positive approaches to welfare reform as opposed to punitive approaches that have been implemented in some states. Positive welfare reform approaches respect individuals' dignity, recognize their strengths and weaknesses, provide the necessary supports to address their needs, and result in real opportunities to achieve permanent self-sufficiency and independence.

If we do welfare reform in the right way, the positive way, we are convinced that many other problems facing society will also be addressed. Finally, positive welfare reform is also cost effective. It will result in reduced welfare costs, increased tax revenues, and stronger healthier families and communities.

BEST COPY AVAILABLE

Chairman ROSTENKOWSKI. Thank you, Ms. Kelly.

I am going to ask unanimous consent that Mr. Stermer's testimony be included in the record, along with the entire statements of all the panelists.

[The statement of Mr. Stermer follows:]

Statement by Jerome Stermer
President
Voices for Illinois Children
208 S. LaSalle Street Rm 1580
Chicago, Illinois 60604
(312) 456-0400

Subcommittee on Human Resources,
Committee on Ways and Means,
U.S. House of Representatives
Ralph Metcalf Federal Building
May 29, 1992

Good morning. My name is Jerry Stermer. I am President of Voices for Illinois Children, an independent statewide public interest advocacy organization dedicated to improving the lives of children in our state. Voices is governed by a group of civic and business leaders from across Illinois and works collaboratively with other civic and community groups as well as government to design and promote innovative ideas and positive policies to enhance the life chances of at risk children and their families.

Prior to joining Voices for Illinois Children I served in the early 1980's as the staff director of the Legislative Advisory Committee on Public Aid, a joint bi-partisan committee of the Illinois General Assembly with statutory oversight for AFDC, Medicaid and other social services programs in Illinois. I have worked closely during the past twelve years with both the legislative and executive branches of Illinois government as our state deliberated and adopted new public policies about many of the issues that are central to today's hearing including work and training obligations related to AFDC, child care, health benefits and child support enforcement.

I am speaking today on behalf of Voices for Illinois Children and our organization's concern that in Illinois we have far too many children growing up poor, growing up without the basic economic security that we believe is fundamental to growing up healthy. We applauded the adoption of the Family Support Act (FSA) in 1988 and played a leadership role in our state's planning body, the Social Services Advisory Committee which guided the development of Illinois' implementation plan.

BOARD OF DIRECTORS

Reacting to the double jeopardy of the economic recession and the intolerable crisis of poverty most recently expressed in the Los Angeles riots, many commentators have talked about our lack of national vision, the absence of consensus and empty pages in the chapter that would be called "strategies for change." Many of us who call ourselves advocates for children and families don't buy the theory that America has no vision or that there is no national strategy for economic improvement. The Family Support Act of 1988 does in fact provide a comprehensive framework for one of the most frustrating and complex problems in our country. The FSA is a very good blueprint that states can use to create some of the critical bridges that are vital for the journey from welfare to employment.

This morning I would like to make three critical points about the relationship between Illinois children and families and the Job Opportunities and Basic Skills (JOBS) provisions of the FSA. First, the scope of programming must be expanded. Second, Illinois state government is not able to adequately fund this program. And, third, Congress should continue to work on companion policies to enable working parents to escape poverty.

Not quite 18 months ago our Illinois AFDC program announced that parents who volunteered to enroll in education and training programs in the Project Chance (the Illinois version of JOBS) were turned away and put on the proverbial "waiting list." Project Chance became over-enrolled with volunteers during the first year of implementing JOBS. Illinois has in excess of 230,000 families receiving AFDC and if good education and training opportunities were available (together with quality child care) the vast majority would enroll. As you have heard, Project Chance today serves less than 20,000 persons or less than 10% of the target population. In order to make even a perceptible dent in the Illinois poverty rate, the scope of the program must be expanded. We recommend that Congress act immediately to spend the unspent appropriation for JOBS by relieving states of their obligation to provide additional matching funds to draw down their allocation of the JOBS funding. In addition Congress should expand the JOBS appropriation with the goal of enabling greater numbers to enroll in quality programs.

The Illinois waiting list phenomenon serves to convince many of us that the JOBS and Project Chance framework is conceptually sound but must be more adequately funded. Just like taxpayers and political leaders, AFDC families do not like AFDC. They want out. They want a better life for themselves and their children. They recognize the complexity of the journey out of welfare and the need for help with day care and health care. AFDC families are no different from any other families in America. Everyone is clamoring for help with child care and health care. We do not need social policies that demand and require welfare recipients to participate in employment and training programs. There is no need for the stick approach. During the first year of implementation the Illinois JOBS program was fully enrolled. Since that time, despite the inevitable glitches in program design and operation, Project Chance and its collection of supports and training opportunities has served as a hope to literally thousands of parents in Illinois that they will be able to walk over the bridge between welfare and a decent job. It is our hope that today's hearing will bring attention to the over 200,000 Illinois AFDC families who are

unable to take advantage of the kinds of supports offered by Project Match and other responsive programs. We believe the scope of JOBS should be significantly expanded.

Secondly we believe that Congress should recognize the fiscal crises being experienced by virtually all states and should suspend the requirement for the states to provide a state match for the unspent federal appropriation. As previous speakers have emphasized, Illinois would be able to increase programming by approximately $30 million to respond to unmet need. Our state's fiscal crisis has been especially damaging to the dreams of many of us who had hoped to see more adequate investments in early intervention, preschool, education and other social programs. The disastrous budget crisis we are experiencing has spawned proposals to eliminate the general assistance program, close down public aid offices in 17 counties, eliminate or reduce Project Chance services in 76 of our 102 counties. There can be little doubt that our budget crisis is real and no one can seriously predict without a significant boost in the income tax rate the state will be able to invest new monies to draw down all the available federal monies for JOBS. Voices for Illinois Children applauds the efforts of Chairman Rostenkowski, Congressman Downey and the other members of this committee for your interest in this issue and urges you to act quickly to more fully implement this critical component in your plan to reduce the numbers of people dependent on AFDC and to help parents move successfully across the bridge from welfare to work.

Our third recommendation is that Congress should continue to work on companion policy proposals to make sure that even when parents begin to cross the bridge from welfare to work, they are able to improve household income rather than make it worse. In reviewing our national AFDC policies, you are engaged in a very complex enterprise. Just like middle income families are faced with the costs of child care, transportation and health care; so too, AFDC families and policy makers who affect their family budgets must consider a variety of factors. Even if we assume that a low income family can access assistance for quality child care (only about 10% of families who would be eligible in Illinois can get such assistance for lack of sufficient funds) and health care benefits, most parents who work at low-wage, entry-level jobs cannot lift their families out of poverty. Despite Illinois' relatively low AFDC monthly grant levels (grants for a mother and two children in Cook County are now $368 per month - lower than New York, California or our neighbors in Michigan, Wisconsin and Minnesota) many AFDC recipients who take minimum wage jobs, especially part time jobs find that the bottom line for their family budget is worse than if they did not work. The recent expansion of the federal earned income tax credit (EITC) was a critical step in changing this counter productive policy. We believe, along with the National Commission on Children, that the EITC should be significantly expanded as it is clearly the best available tool to ensure the economic security of the nearly 750,000 Illinois children who are growing up poor. In addition, this committee should revisit the policies affecting AFDC and earned income and change the formulas so that no parent who takes a full time job will be worse off than if she or he had remained on AFDC regardless of their state of residence.

In closing, I would like to spend just a minute on another issue of great importance to vulnerable children and families in our city and across Illinois - the Family Preservation Act, which is currently pending before your committee. We are exited by the prospect of new federal support for family preservation services this year. It is urgently needed. In the past several years we have seen dramatic increase in the numbers of children entering out-of-home care in Illinois – a 42 percent increase between 1988 and 1991. Of particular concern is the growing number of infants. Infants accounted for a full 25% of all children in foster care in Cook County in 1989. Many of these young children enter care because there are not yet adequate resources in place to get help to these families and avoid unnecessary placements. Yet once they are in care the costs to the state are significant.

Illinois has been a leader in the family preservation movement. But given the growing demands in the state our Family First program cannot even come close to keeping up with requests for such services. The Family Preservation Act will help us do that. It will also increase the resources available to meet the special needs of families with substance abuse problems, a growing percentage of our child protective services cases. Many of these families have strengths and with intensive services can be helped to nurture, support and protect their children. We thank you for your leadership to date on the Family Preservation Act and urge you to help ensure that it is enacted this year. Our children and families are counting on you. Thank you.

Chairman ROSTENKOWSKI. Mr. Johnson.

STATEMENT OF GORDON JOHNSON, EXECUTIVE DIRECTOR, JANE ADDAMS HULL HOUSE ASSOCIATION, CHICAGO, ILL.

Mr. JOHNSON. Thank you. Mr. Chairman and members of the committee, thank you for giving me the opportunity to speak to the present concerns facing all of us, the self-sufficiency in JOBS.

Jane Addams' Hull House has established the first citizenship preparing classes, juvenile court, and organized five labor unions, and also provides programs for training welfare recipients as day-care home providers. We have six community-based centers throughout metropolitan Chicago delivering services to approximately 50,000 people.

Chigacoans, as I suspect other cities, do not want to have a repeat of Los Angeles's riot in our city, now or ever. We believe the State and Federal Government have a role to play along with foundations in public America to protect from further harm our daily way of living.

We have aid and social policy procedures, and we support, like everyone else, of course, the waiving of the requirement for the match.

We also would like to see the State change its position and become more aggressive in supporting that waiver. The city is facing staggering statistics facing our Afro-American youth. Although black students make up 15 percent of school populations, they account for 30 percent of school expulsions or dropouts. A black young man today has a greater than 1 in 17 chance of being the victim of a violent crime, and a 1 in 24 chance of being imprisoned while in his 20s.

A black young lady today has a 1 in 45 chance of dropping out of of school, and a 1 in 4 chance of being unemployed, and a 2 in 45 chance of having a child before reaching her 20th birthday.

These statistics reveal that we have a generation of Afro-American youth who at this moment are guaranteed to be ill-prepared to meet the demands of an increasing technological world.

It appears very clear to us that this is not the time to cut back on public investment, employment, and training. There will always be people who because of handicap, poor education, racial discrimination or because they live in economically distressed areas or neighborhoods who cannot find a job without public intervention.

A coordinated public policy is needed to overcome the barriers to a decent job. Enterprise zones can create jobs, but community-based organizations must play a major role in developing sufficient training programs to meet the needs of companies relocating to a different area or a different area in the suburbs. While at the same time, we need to play a role in monitoring the project to ensure that the company is in compliance with goals and conditions of designated programs.

Public service employment has been criticized by many, but it remains an important source of employment for minorities. We stand to benefit from expanded infrastructure repairs, expanded daycare, health programs, education, et cetera.

Economic policy is not the only solution to economic crises in our communities. The community, family, and church must also play a role in addressing these issues. In our community, the church is the only indigenous body recognized by many in our community.

We are fortunate in this city that leaders in the private sector are taking steps right now to address major and immediate problems that face Chicago. The Chicago Community Trust and the United Way have convened an action committee made up of city officials and nonprofit agencies to make things happen now for Chigacoans.

In closing, we see the need for immediate action by all. Our solutions are home grown and effective. Reinventing the wheel is not needed. Collaboration with Federal, State, and local efforts will go a long way toward saving our city.

We also go on record supporting the Family Preservation Act and its passage.

Thank you.

[The prepared statement follows:]

JANE ADDAMS
HULL HOUSE ASSOCIATION

TESTIMONY OF GORDON JOHNSON
PRESENTED TO
THE SUBCOMMITTEE ON HUMAN RESOURCES
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
AT CHICAGO, ILLINOIS ON
MAY 29, 1992

Mr. Chairman, and members of the Committee, thank you for giving me the opportunity to speak to present concerns facing all of us. Self sufficiency/Jobs.

104 Years ago, Nobel Prize Winner, Jane Addams purchased a country house in Chicago from the Hull Family.

Jane Addams Hull House has established the first, to site a few:

(1) Public Kitchen in Chicago
(2) Public playground in Chicago
(3) Citizenship preparation classes
(4) Juvenile Court
(5) To organize 5 labor unions
(6) Program for training welfare recipients as day care home providers

We have six community based centers throughout Metropolitan Chicago, delivering service to approximately 50,000 people.

Chicagoians, as I suspect, other cities, do not wan tot have a repeat of Los Angeles riot in our City, Now, or ever.

We believe that the Federal, State, Local Government have a role to play, along with Foundations and Corporate America to prevent further harm to our daily way of living.

The Federal Government has a responsibility to aid in Social Policies and intervention procedures that will support current and new family structure and the reality of changing economy. The Federal Government needs to quickly eliminate the JOBS match requirement. This action will immediately unlock about 22 million dollars for Chicago, meaning 11,000 jobs and $4 million for the State of Illinois.

The State Government needs to spearhead this effort for match elimination.

This city is facing staggering statistics facing our Afro-American youth.

118 N. CLINTON ST.
CHICAGO, IL 60661
(312) 726-1526
FAX (312) 726-2735

Although Black students make up 15 percent of school population, they account for 30 percent of school expulsions.

A Black young man today has a greater than 1 in 17 chances of being the victim of a violent crime and a 1 - 24 chance of being imprisoned while in his twenties.

A Black young lady today has a 1 in 45 chance of dropping out of school and a 1 in 4 chances of being unemployed and a 2 and 45 chance of having a child before reaching her 20th birthday.

These statistics reveal that we have a generation of Afro-American youth who at this moment are guaranteed to be ill prepared to meet the demands of an increasing technological world. It appears very clear that this is not the time to cut back on public investment in employment and training. There will always be individuals because of handicap, poor education, racial discrimination, or because they live in an economically distressed neighborhood, cannot find a job without public intervention. A coordinated Public Policy is needed to overcome the barriers to a decent job.

Community based organizations must play a major role in developing sufficient training programs to meet the needs of companies relocating to a given area. While at the same time, we need to play a role in monitoring the project to ensure that the company is in compliance with the goals and conditions of designated programs.

Public Service Employment has been critized by many, but it remains an important source of employment for minorities. We stand to benefit from expanded infrastructure repairs, expanded day care, health programs, education etc.

Economic Policy is not the only solution to economic and employment crisis within our communities. The community institution of the Family and Church must also play a role in addressing these issues. In our community the Church is the only indigenous body recognized by many in the community.

We are fortunate in this city that leaders in the private sector are taking steps to address some immediate problems. The Chicago Community Trust and the United Way have convened an action committee, made up of City Officials and Non-Profit agencies to make things happen for Chicagoians now.

In closing, we see the need for immediate action by all. Many of our solutions are home grown and effective. "reinventing the wheel" is not needed. Collaboration with Federal and State efforts will go a long way to saving our city.

Thank you!

Chairman ROSTENKOWSKI. Thank you, Mr. Johnson.

Mr. Downey.

Acting Chairman DOWNEY. I have no questions.

I want to thank Mr. Johnson and Ms. Knauss for the plug for the Family Preservation Act.

Ms. Peck, we will do what we can to make sure that notice of child care is part of any changes we make.

Chairman ROSTENKOWSKI. Well, let me say to the panel, we certainly appreciate your participation. I don't want the impression left here that I am not for the Family Preservation Act. I am the fellow, however, who has to put the money together, and we get all these brilliant ideas and all these wonderful solutions to our problem, and if we had the money, I don't think that there would be any problem with us funding it.

Don't misunderstand me. I am ready to raise revenues. I am ready to ask people that are enjoying the largesse of our society to make a larger contribution in order to help those that are less fortunate. I am afraid we don't have that chemistry in the Congress in the United States that feels that we should raise the revenues.

But I think the Family Preservation Act and other programs are the best investment we can make for the future of this country. I am not just talking about domestic tranquility—I am talking about competitiveness in the world. If we don't educate these young people, if we don't give them the incentive to be competitive, this country is on a slippery slope toward second and third rate. I don't think the American people want that.

And so one day—this is not a political speech—but one day we are going to see somebody in the White House with the courage to stand up and not be afraid to lose, but stand up for principles that in great measure will help this country survive.

Thank you very much.

Chairman ROSTENKOWSKI. Mr. Connelly, Mr. Wuest, Mr. Dobmeyer, Mr. Donahue, and Mr. LeVon Calhoun. I thank you very much, gentlemen, for joining us.

I think you have been in the audience long enough to understand what the rules are here. If you would be kind enough, if you have a longer statement, we will include it in the record. We would like to have you summarize it now so we have time for some conversation.

Mr. CONNELLY. Mr. Chairman, if it is agreeable to you, could Mr. Dobmeyer begin? He has a chart that I think pulls our testimony together.

STATEMENT OF DOUGLAS C. DOBMEYER, EXECUTIVE DIRECTOR, PUBLIC WELFARE COALITION, CHICAGO, ILL.

Mr. DOBMEYER. Mr. Chairman, I have been listening carefully to the testimony and the rules, and I am going to try to invoke the thousand-word rule and have several pictures that we would like to try to talk about a little bit. You do have a statement, and I would appreciate it if it was included in the record.

There are a couple of things I want to follow up on on the discussions held this morning. I think it is important to get a little bit fuller picture of public aid in Illinois and the impact it is having.

We are going to use Illinois as an example because we are here, but I would probably argue that what you are going to see and what I am going to talk about is true in many other States, in some degree or manner, and I think that that creates momentum for action.

What you see over here are three different maps, from 1984 and 1989 and 1991, that shows a level of public aid in 102 counties in the State of Illinois. What I think those maps in summary will show is, red being the worst category, the highest category of per thousand population of public aid, there has been massive growth, and the other parts of the State normally are perceived or seen by the media and maybe many policymakers as not being heavily impacted.

It is basically a Chicago issue. In fact, what we see in southern-central Illinois is a massive growth because of lack of opportunities in that section of the State.

It is important, as we address how we can make improvements to the Family Support Act, that I think we keep that kind of picture in mind to understand that there is a need to increase the resources throughout the State.

There is a second map in your packet of testimony, I assume you have it, that also speaks to this particular issue, and that is a map that you would see, second to last page of my testimony, it is a map of the new opportunities program, the refining of the Family Support Act in Illinois, that basically, according to the plan that has been laid out at this point in time, is at 75 percent of the counties in the State of Illinois that you see up there in that 1991 map will receive a minimal or no program. And I think that that is the wrong thing to happen in this State or any other State.

Any kind of program to provide for employment and training of individuals in this State needs to be a program that focuses on where the need is. And I don't believe that these two maps coincide very well.

The Public Welfare Coalition supports all the testimony that has been heard up here, the waiver or getting rid of the match and more of just a grant to the State, but in doing so we would hope that there would be the requirement that there be a statewide program to meet the needs of those counties that are heavily impacted in the red.

The second map that I want to point out to you is on the last page. That is a map—I hope your eyesight is good, I apologize for the small print—this is a listing of all the counties of Illinois with all the unemployment rates. Those are listed on the right-hand side.

On the left-hand side is a map of Illinois where you see penciled-in figures. Those penciled-in figures represent the downstate counties that have people on general assistance, cases of general assistance. These are both February figures. And what we see here again is that many of these counties have extraordinarily high unemployment, above the State average of 7.8, and I believe above the national average.

Again, there is a high need throughout the counties of Illinois to have a program that works for them. Not only an employment

training program, but a JOBS program, where employment and an alternative to public aid can be brought into those areas.

I think it is important, again, for the committee to see those figures.

The second thing I want to talk about—and again, I will be brief about this, and I have one more map here—is that in this State, we did battle during the last legislative session, and now during the current legislative session, as in some other States, Michigan, Ohio, it is being currently fought out in California, on the issue of removing general assistance or, as they renamed it in the State, transitional assistance.

What that has translated into is that 51,000 people in this State have been recategorized as employable. At the same time, we have extraordinarily high unemployment. We don't have jobs or sometimes job skills for people to be able to step into jobs that may be available. And other members of this panel will talk about that in more detail, but I thought it might be important for you to see one more map.

I apologize it is not professionally done, but you do what you do, right?

This is a map of the city of Chicago. The pink area—this is all by ZIP Codes in the city of Chicago—the pink area is the ZIP Code areas that had the highest number of people on transitional assistance or general assistance, and three of you are familiar with Chicago, I believe, and Mr. Downey, I don't know if you are or not, but I will explain this briefly.

This is the West Side, the South Side, and North side. And the West Sides and South Sides are the most economically devastated areas of the city. This also happens to be the area where we have the highest concentrations of people on transitional assistance.

The pink represents between 2,500 and 5,600 people who are on transitional assistance, and approximately—somewhere between 50 and 70 percent of the people will be cut off by the end of June.

This is also the area where there is the least amount of jobs. There is the least amount of opportunities. We are trying hard to save some semblance of the program for those that the Governor has said are employable. We are trying to work with the Governor right now in terms of trying to keep some semblance of an assistance program if jobs are not available. I think that is a key issue.

So I thought it would be important for to you see. This if you want to examine it closer, we can have that made available.

There are several recommendations that come out of what we think should happen in Illinois, and again, I am not going to—I do not want to repeat what has been said, we agree with it. But my recommendations are on page 4.

One is provision for full funding of the JOBS program, with no State match.

Two is changes in the HHS rule that reduces the requirement of 20 hours per week. I think there has been a thorough discussion of that.

Third is a requirement for States to increase the dollars for the State.

Fourth is the passage of pending Federal legislation that would provide public sector jobs and assistance to our cities, and this leg-

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islation should be structured to guarantee jobs for single people who are cut off of GA.

And the fifth is, I think, an important change to the Family Support Act. And I would hope that you will give very strong consideration to it. And that is the inclusion of single people in the Family Support Act, so they too can receive the opportunity for better economic support.

I think that we have had the politics of divide and conquer in this country, and I am not saying that is true of the Congress, but I think it is important to note that we have connoted people who are single as some of those kinds of people and people who are families as some of those kinds of people, and it gets picked up in political campaigns and the rhetoric of the times. I think it is important to really examine the issue and to turn it around. And our presentation today is to initiate that, and we hope we can have followup discussions.

Our coalition will be very happy to work with your staff and the members to try and bring that about. That concludes my remarks.

[The prepared statement and attachments follow:]

The Public Welfare Coalition
FOR A HUMANE PUBLIC AID PROGRAM IN ILLINOIS

Douglas C. Dobmeyer
Executive Director

May 29, 1992

Testimony of Douglas Dobmeyer, Executive Director of the Public Welfare Coalition (PWC) before the Subcommittee on Human Resources of the Committee on Ways and Means.

The Public Welfare Coalition is a coalition of over 200 organizations and individual members from all over Illinois. PWC represents the interest of public aid recipients, religious groups, human service providers, labor unions, and other civic minded organizations. We provide direct advocacy services for those on public aid through our hotline, educational activities for recipients and others seeking information about welfare, and public policy advocacy on local, state and national levels. Our goals are to improve public aid programs for people who are participating in them and to advocate for economic opportunities for low income people in order to provide them with better alternatives to public aid.

I come before this committee today fresh from the fighting welfare dashing activities in our state's capitol this legislative session. The mood in this state is not positive for poor mothers, children, and single people. There is great fear that what has been happening in other urban areas may soon erupt in Chicago.

I also come before you with my personal history of working to establish the economic opportunities, housing, and rights for low income people. Much of my experience has been working with homeless people in need of employment and affordable housing. I have served as a director of an emergency overnight shelter, day time drop in center, and have had the privilege of organizing the highly successful Lakefront SRO Corporation, Chicago's leading not for profit developer of single room occupancy hotels.

I could easily give you anecdotes from my experiences about the diverse range of people that I have met needing government assistance to survive--whether it is in the form of help to meet costs of housing, guidance in finding a job, medical care, or food stamps to feed family members.

THE GROWING NEED IN ILLINOIS

If we review the Department of Public Aid's statistics for all programs over the past few years, we find that indeed, the number of people needing help in Illinois is growing. In 1984, 18 counties, or 17% of counties in Illinois, had 90 or more recipients of public aid per 1000 people. When the JOBS program was being created in 1988, it was 33 counties, or 32%. At the close of 1991, 53 counties, or 51%, had 90 or more public aid recipients per 1000 people.

Yes, we have a crisis before us, and its not just in our cities. As you can see from the maps we have here today, as well as the enclosed fact sheet with and 1991 map, poverty is a reality throughout Illinois.

We must ask ourselves some tough questions about these increases. Popular opinion has been quick to cite behavioral reasons to explain why more people are on the rolls. This rhetoric includes ideas about a culture of poverty, the deterioration of traditional family values, the loss of work ethic, the lack of self-control or respect for others. With enough protest against these stereotypes from concerned groups and individuals, we were able to reach some reasonable ground about the real reasons behind the need for welfare. Out of this long struggle, came some of the first steps with the passage of the Family Support Act.

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The Family Support Act that established the Job Opportunity and Basic Skills (JOBS) program appeared as a partial message of hope in a very dark, hostile political and social environment for poor people. This legislation demonstrates at least some measure of commitment on the part of the federal government to continue the "war on poverty" that began in the mid-60s. We clearly have not won the war and, as we witnessed in Los Angeles, a different type of warfare against poverty has emerged.

THE SITUATION IN ILLINOIS

Battles to end poverty continue on other fronts. The implementation of the JOBS program in Illinois, as seen in Project Chance, has led to public aid recipients being placed on waiting lists for services.

Recipients must persist against the everpresent frustration of trying to survive in a less than humane public aid delivery system. They must cope with the despair that comes with having no job options because of limited skills or the lack of decent jobs available to them, even after participating in current training programs.

As mentioned earlier, much of the poverty in Illinois is rural poverty and non-urban counties will be hurt tremendously by proposed change in the Illinois implementation of the JOBS program. Over 75% of counties in Illinois will have minimal or no services, due to the geographic limits of the Community Colleges system. (see attached map)

In sum, while PWC strongly supports pulling down the remaining amounts of federal match money to improve the current delivery system of JOBS, we also strongly support changing the language and implementation of the JOBS program in order to make the program more accountable and less punitive. The program needs to be accessible to more recipients--those AFDC mothers on the waiting lists, as well as former and current single unemployed people who are in desperate need of help.

Illinois' assistance program for single unemployed men and women, called General Assistance (GA), has had a questionable commitment from the state, despite more and more residents calling upon the program in recent times of economic hardship. In fact, the number of people on G.A. in Chicago, jumped 15% between November 1990 and November 1991, from 80,097 to 90,949 persons. Many current G.A. recipients were working last year, but because of these tough economic times, now cannot not find employment. In addition, there are approximately another 10,000 in 68 downstate townships receiving assistance.

Budget cuts last Spring resulted in a two category system of cash and medical benefits which allowed 12 full months of benefits for persons deemed "not employable", and only 3 months of benefits for those considered "employable". Needless to say, over 50,000 people became "employable" regardless of many obvious factors--high unemployment rates, lack of education and skills, inability to pay transportation costs, inability to find low income housing. In FY92, the period for receiving benefits for the "employable" category was reduced to only six months.

In January of 1992, Governor Edgar sought to reduce all GA grant levels by 6.5% for the remaining five months of the state fiscal year. He was successful in reducing most GA grants, from $165 per month to $154 the same level as 1985.

In April, Governor Edgar proposed that G.A. be eliminated completely in FY95 for those deemed employable , citing that the money simply was not there. The cuts hit the minority communities very hard. There were over 91,000 people in the City of Chicago receiving General Assistance; of these 54% are African American, 7% Hispanic, 7% white, and 27% women. Most recipients live in heavily impoverished zip code areas of the south and west sides of Chicago.

WHERE ARE THE JOBS ?

I explain this desperate situation because I urge the committee to include single people, like those I have described, under the JOBS program. We cannot forget about this growing population in as much need of federal intervention as others living in poverty.

We must look objectively at the fluctuating status of our economy and the changes in our urban areas in order to understand how urgent the expansion of this program to single people is. Over the past decade, Chicago has lost more than 200,000 blue-collar jobs, while the surrounding counties have gained an equal number of jobs. There has been a marked shift to service sector employment which usually offers minimum wage at best and little room for career development. In Chicago, the cost of living is so high that a job that pays at least $7.00 is needed to afford a one bedroom apartment.

Jobs also have moved out to the suburbs, which is great for suburban residents but difficult for those living in the city who do not have access to transportation that will get them to the jobs.

The attached map with my testimony shows that the counties throughout Illinois have high 'official' rates of unemployment. The unofficial rates are even higher. This is not a map that describes a state that can meet the employment needs of people on public aid without additional help.

THE CALL TO ACTION

During this drastic shift in the nature of employment, people have been turning to government assistance for help. Today, in Illinois 1.3 million people or 12% of the state's population depend upon public assistance income, for some measure of state public support. The help they really need to emerge from poverty in the form of comprehensive support services for entry into the workforce, however, has not been there. The maximum monthly cash grant of $367 for a family of three on AFDC and $154 for an individual on General Assistance (in Chicago) is only 40% of the federal poverty level and only 42% of the state's own estimate of what a family or individual must have to meet their most basic needs.

We are shortchanging our citizens and our economy by not tapping this pool of human resources that is, for the most part, able and more than willing to attend educational programs or job training to acquire employment for a decent livable wage. According to a 1991 report from the Governor's Task Fore on Human Resource Development, Illinois will face a labor shortage by the end of the decade if marginalized workers do not enter the active labor pool. This report went on to say that, ...businesses can no longer afford to ignore public aid recipients, prison inmates, and the disabled as potential workers...we must reclaim these adults and provide them with the necessary skills for success in the modern workplace, especially the basic skills necessary for entry-level employment at livable wages.

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We can bring this abandoned and marginalized population back into the mainstream with the commitment of the federal and state governments by expanding the JOBS program beyond AFDC families. They deserve our attention and may soon demand our attention in Illinois as conditions for the poor get increasingly worse.

The time has arrived for the federal government to take a lead in creating jobs for unemployed single people. The states have cut benefits, now is the time to create economic alternatives that provide a living wage.

RECOMMENDATIONS

The Public Welfare Coalition recommends the following:

1.) Provision of full federal funding for the JOBS program with no state match;

2.) Changes with the present HHS rules that reduces the requirement for 20 hour per week participation;

3.) New requirements to the states to provide service to all areas of a state;

4.) The passage of pending federal legislation that will provide public sector jobs and assistance to our cities. This legislation should also be structured to guarantee jobs for single people cut off of GA; and

5.) The inclusion of single people in the Family Support Act, so they too may receive an opportunity to have a better economic future.

The Public Welfare Coalition would be happy to work with the Ways and Means members and staff to fashion a program that meets the needs of poor people in Illinois and other states.

Thank you for the opportunity to appear before this subcommittee.

PUBLIC AID AFFECTS ALL OF ILLINOIS

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• FACTS ABOUT PUBLIC AID IN ILLINOIS •

- There are over 1.3 million Public Aid recipients in Illinois, an increase of 17% in two years. This number represents 12% of the state's population, the highest ever;
- Of the $4.5 billion budget for Public Aid in FY92, a significant amount went for the following items: 64.6% for medical, 26.7% for income assistance, and ***only*** **.004%** for employment and training. Medical costs jumped by16.8% over the previous year, while employment/training funding decreased by 25.6%;
- Half of the recipients are children. Half of the children are age 6 and younger;
- The average Public Aid family includes 2 children;
- Despite a basic 7.5% increase in 1990, a recipient receives a cash grant providing only 43% of the State Standard of Need (state's poverty index). There has been only one increase since 1985, when the grant provided 54% of the Standard. In 1992, Transitional Assistance recipients had a reduction from $165 to $154 a month. The cost of living in the Chicago Metropolitan Area alone has gone up by 29.7% from 1985 to 1992;
- A mother with two children only has $11.90 a day in cash assistance to support her family;
- The buying power of the Public Aid recipient's dollar is 52% less than it was in 1970;
- An increasing number of Public Aid families are spending 80% or more of their cash grants on housing costs. Less than 19% of recipients have subsidized housing;
- There has been a large growth in homelessness among families. The number of homeless people in Illinois is estimated to be over 80,000, compared to 40,000 in 1986;
- 97% of Illinois counties have increased in Public Aid levels per 1000 population between 1989 and 1991; and
- The highest rates of Public Aid are found in Alexander, Hardin, Massac, Union, Pulaski and St. Clair counties. Rural poverty is a growing economic fact in Illinois.

SAMPLE PUBLIC AID GRANTS AND OTHER BENEFITS IN ILLINOIS COMPARED TO THE STATE STANDARD OF NEED AND THE FEDERAL POVERTY LEVEL

FAMILY SIZE	*1992 CASH GRANT	MAXIMUM FOOD STAMPS	MAXIMUM TOTAL BENEFITS	1992 STATE STANDARD OF NEED	FEDERAL POVERTY LEVEL
1	$154	$111	$265	$379	$552
3	$367	$292	$659	$844	$928

*The grants listed in this table are the ***highest*** payment levels, in 14 counties. In other counties the payment levels are even lower. The Cash Grant only provides 43% of the State Standard of Need for AFDC and 42% for Transitional Assistance as of February, 1992.

The map found on the reverse side shows the level of Public Aid per 1000 population by county at the end of 1991. The map shows that the levels of poverty continue to grow in Illinois.

Sources: Illinois Department of Public Aid, US Department of Labor
3/92

THE Welfare Public Coalition
FOR A HUMANE PUBLIC AID PROGRAM IN ILLINOIS

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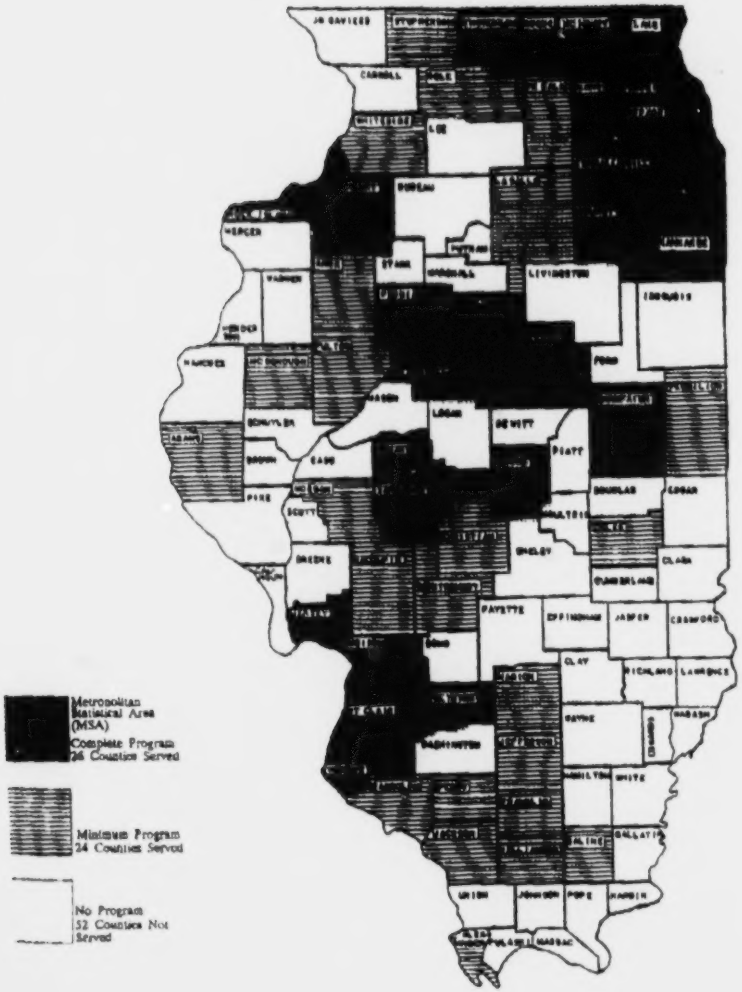
Opportunities

Illinois' J.O.B.S. Program



OFFICIAL UNEMPLOYMENT RATE/JOA CASES BY COUNTY, FEBRUARY, 1992

COUNTY	UC % RATE	GA CASES	COUNTY	UC % RATE	GA CASES
Adams	6.4		Lawrence	13.5	
Alexander	15.5	298	Lee	10.4	
Bond	11.3		Livingston	8.2	
Boone	10.7		Logan	8.9	
Brown	10.1		Macon	10.8	1,284
Bureau	9.1		Macoupin	12.1	
Calhoun	10.6		Madison	9.2	
Carroll	8.8		Marion	13.7	397
Cass	11.6		Marshall	10.5	
Champaign	7.3		Mason	12.5	
Christian	10.4		Massac	13.1	324
Clark	9.6		McDonough	8.2	
Clay	10.4		McHenry	10.6	
Clinton	9.1	34	McLean	5.8	
Coles	7.8		Menard	7.4	
Cook	8.6	84,783 (Chicago area)	Mercer	10.1	
Crawford	14.9		Monroe	8.7	
Cumberland	11.3		Montgomery	12.1	
De Kalb	9.1		Morgan	9.1	
De Witt	10.5		Moultrie	9.8	
Douglas	11.3		Ogle	10.9	
Du Page	6.4		Peoria	8.6	921
Edgar	11.2		Perry	21.5	334
Edwards	11.5		Piatt	10.7	
Effingham	12.1		Pike	12.1	
Fayette	14.9		Pope	15.2	65
Ford	7.7		Pulaski	15.9	247
Franklin	16.0	999	Putnam	11.9	
Fulton	12.9		Randolph	11.0	
Gallatin	14.2	95	Richland	9.4	
Greene	12.6	19	Rock Isld	8.9	
Grundy	13.9		Saline	12.4	419
Hamilton	14.1		Sangamon	6.5	1,543
Hancock	9.6		Schuyler	10.2	
Hardin	7.3	111	Scott	14.1	
Henderson	9.3		Shelby	11.7	
Henry	10.7		Stark	10.7	
Iroquois	9.8		St. Clair	9.4	1,231
Jackson	9.7	538	Stephenson	9.4	
Jasper	9.9		Tazewell	9.6	
Jefferson	12.3	142	Union	14.6	177
Jersey	9.2		Vermilion	12.2	1,400
Jo Daviess	8.5		Wabash	10.1	
Johnson	15.2	71	Warren	7.3	
Kane	7.9		Washington	9.6	
Kankakee	10.6	67	Wayne	14.0	
Kendall	7.4		White	10.9	17
Knox	11.0		Whiteside	9.7	
Lake	6.7	452	Will	10.2	1,031
LaSalle	12.6		Williamson	12.8	731
			Winnebago	11.7	
			Woodford	6.7	

Sources: Illinois Department of Employment Security
Illinois Department of Public Aid

Total State Avg. 8.9 [illegible]

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STATEMENT OF JOHN D. CONNELLY, EXECUTIVE DIRECTOR, JOBS FOR YOUTH/CHICAGO (ILL.), INC.

Mr. CONNELLY. I would like to add my thanks to the others here today for the committee to come here to Chicago for these hearings. It is very important to us. We appreciate it. I will keep my remarks brief, because you are at the point where you begin to glaze over, I think.

Of course, we need more money. Of course, we have a terrible problem, and we have got to do something about it, and we have to face it. We have to face it with the will to solve the problems. But I would like to focus on just a couple of other things with respect to how we use the money we have.

When you guys in Congress write these laws, even with the best intentions, sometimes I think we wind up creating jobs programs for bureaucrats. Let me show what you I mean.

With respect to our programs that are directed to the disadvantaged under JTPA, for example, we now—let me back into this. If you went to Harvard Law School, you would have to fill out a 5-page application. If you went to the University of Chicago, you have to fill out a 6-page program. To get into a JPTA program, you have to do 42 pages of documents.

This is some of the money that you people are allocating for use to solve problems. This is where a hell of a lot of it is going right now.

When it comes to formulas that are devised to bring resources, say, to the city of Chicago, like you do with your summer jobs money, the formulas are set up right now so that the three largest cities get 7.2 percent of the summer moneys for jobs.

This stuff, as you know, Mr. Rostenkowski, was set up in the 1960s as a response to urban unrest. Right now, of $682 million currently in the pipeline for summer jobs, 1.7 percent will come to Chicago because we have a formula that looks at unemployment, it does not consider poverty rates.

And, you know, the unemployment levels, that is an accountant's dream—have you given up work, are you still looking for jobs. It doesn't reflect the level and the depth of the problems in the various areas.

I would hope that the committee and the Congress could look at adjusting those formulas so the money goes where it was intended to go.

Last, I would like to say that there are a lot of good things going on, whether it be targeted jobs, the concept of enterprise zones, the JOBS program, but these things are generally not coordinated. On the one hand, we have got the enterprise zones, which some people think is the greatest thing in the world, and on the other, you have got the JOBS program or JTPA; but nowhere in the legislation is there any way to coordinate these resources so we can pull them together, and they can support and help each other.

One more thing. The funds coming under JOBS, which is a great idea, and we work with a lot of people under JOBS, are well-intended, delivered from Congress, come to the State of Illinois, after 3 years the Illinois Department of Public Aid has some experience delivering these moneys effectively, helping programs get going, as

you heard from testimony today, helping people make a difference in their life.

We now have a Governor in Illinois that wants to change everything. We have got one bureaucracy that is set up, has learned to do it well. He is saying, Let's set up another committee, give it to an entirely different bureaucracy and let them learn to do it well.

Congress has to exercise some real careful oversight after you allocate the money to see what the heck happens to it by the time it gets down to the State and is used.

That is the end of my formal comments, but there were a couple of things you said, Mr. Downey, that I would like to comment on.

I have been in human services and education for almost 25 years, almost exclusively working with poor people, with disadvantaged people. In 1969, I was working in the CCUO at 42d and King Drive. And I have never, ever, ever yet met the young woman who said, I had a baby so I could get more welfare payments. I have never met that person.

We did 25 life histories at random of young women in our program who were single parents, and not once in those life histories did it come up that "I had a kid because I wanted a welfare payment." Not once. I would be happy to send you a copy of those transcripts.

Also, a couple of members of the committee asked if there is research saying what programs work. The Rockefeller Foundation has a wonderful book called "Programs That Work," and they did the opposite of what Congress is doing generally. Instead of trying to find the philosopher's stone, they went down to the grassroots and identified programs that were doing an effective job, and wrote about them.

It would be wonderful if funding were set up in such a way that you identified programs that ran well and then provided money to keep them running well, instead of starting at the top with the grand idea, 5 years later doing the study to see if the grand idea panned out or not.

Thank you very much.

[The prepared statement follows:]

jobs for youth/chicago inc

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TESTIMONY OF JOHN D. CONNELLY
PRESENTED TO
THE SUBCOMMITTEE ON HUMAN RESOURCES,
COMMITTEE ON WAYS AND MEANS
U. S. HOUSE OF REPRESENTATIVES
AT CHICAGO, ILLINOIS ON
MAY 29, 1992

Mr. Chairman, Gentlemen, I thank the Committee for this opportunity to provide testimony regarding the JOBS program. Our organization, Jobs For Youth/Chicago is a nonprofit and charitable agency whose mission is to help young men and women from low-income families become a part of the economic mainstream; and, in the process, provide the business community with motivated entry-level workers. We are now in our 13th year of operation, and, this year alone, we expect to serve 1,200 people, ages 17 through 21, 800 of whom will be trained and placed in unsubsidized, private-sector jobs, with another 100 earning their high school GED diplomas in our Learning Center. All of our young clients are from low income families, with about 80 percent of those coming from homes receiving public assistance. In other words, for many years prior to the Family Support Act, Jobs For Youth has been providing those very services specified in the Act. I should add that a small portion of our funding is now being provided for our services under the Act. However, our total budget is about $1.4 million, with almost 50 percent coming from private sector contributions.

Also, before I go any further, I should tell you something about my own experience, as it shapes much of what I have to say here today. I am a fourth generation Chicagoan and have been working in education and human resources for more than 20 years. In fact, my

first teaching job was in the inner-city, working in a federally funded summer education program in 1968. I have taught young people from elementary grades on through university level, and the great majority of my students have been from low income homes. In addition to working on behalf of urban inner-city programs, I have also done work in rural areas as well. As an administrator, I managed both private and publicly funded programs here in Chicago and elsewhere. In short, I have seen quite a few poverty and remedial programs up close, including some notable failures as well as some very successful initiatives. What I have to say today draws largely on this experience.

I understand that Congress is considering adjusting its matching requirement for jobs funds in order that Illinois may qualify for an additional $36 million or so to support the JOBS program. Of course, I strongly support such an action, and appreciate your efforts on behalf of Illinois to adjust the matching requirements so that we can receive these funds as a grant. As you know, Illinois is in the process of substantially cutting back on welfare funds for its residents. Most lately, the Governor and the legislature have begun to eliminate General Assistance payments to upwards of 60,000 of our residents with absolutely no support in terms of job training or job seeking assistance. Now, more than ever, we need this help.

Here, I would like to offer some commentary on related matters that are before Congress, and to ask for your help. As you know, recently the Senate passed a Bill in response to the problems in Los Angeles to provide emergency funds to help Los Angeles and other cities. Of course, we welcome this help and urge your support of these efforts.

Here, in Chicago, a coalition was recently formed under the auspices of the Chicago Community Trust. It is called the Chicago Initiative, and it is comprised of representatives from the Mayor's office, business, non-profit groups, educators and a range of public and private parties who share a deep concern about our city's future. We have set up several task forces, and I am a member of the committee on jobs. What follows are concerns both of Jobs For Youth and the Committee.

We are particularly concerned about summer jobs money under JTPA. As things currently stand, the JTPA allocation formula does not focus on the greatest needs in terms of relative rates of poverty. Here is what I mean. As things now stand, out of $682 million currently in summer jobs monies, Los Angeles will receive 1.7 percent, Chicago 1.8 percent and New York 3.7 percent. However, urban poverty is, by far, most intense in these and a few other cities such as Detroit and Newark. Unless this formula can be changed, these monies will not be directed to areas that have the most severe problems now. This should be addressed immediately.

Also, with respect to any federal funding that is allocated to help impoverished areas in our major cities, I implore that you work to streamline the delivery, coordination and application of these funds to our cities. For example, we need money for summer jobs right now. With respect to JTPA and other programs, we have established a sort of jobs program for bureaucrats who invent and review a mind boggling and seemingly endless (and costly) stream of documentation, rather than directing the money to those who are meant to be served under these laws. Further, although there are many strategies being offered to address urban poverty, ranging from Targeted Jobs Tax Credits on through Enterprise Zones, there does not seem to be any coordination of these efforts. For example, Enterprise Zones in the inner-city need to be coordinated with job training strategies. The solutions being offered should complement and support each other; our efforts should be more focused.

Even initiatives which have run for several years, like JTPA, have taken on qualities which run counter to its purpose. For example, currently, it takes five pages to apply to Harvard Law School and six pages to apply to the University of Chicago. However, to get someone into a JTPA program here it takes 42 pages of paperwork -- which I have here before me as an example. This is crazy and makes a mockery of your intent in funding these programs.

Related to this, we urge far more congressional involvement in policy development to administer the monies that you appropriate now and in the future. You have to keep an eye on things both to make sure the funds flow smoothly and that they are doing what they should do. On this, the concept of block grant program funding has accomplished the opposite of what was intended. Before, one federal department would administer programs through regional offices covering all 50 states. Now, under the block grant idea, structures, in addition to federal administrators we have added 50 state administrators plus whatever local entities are needed to deliver funds for services. This means that we have at least three layers of bureaucracy, each with its own rules and requirements touching these monies before they hit the street. By the time it gets to us, the people who work with those being served, the only one who comes out ahead are the folks who print the forms.

Last, we urge that we work to move beyond containment strategies for our inner cities and look at funding to retrieve the millions of Americans who are living in poverty and under worse conditions than most third world countries. We must view this need as a capital investment in human potential, as something we must do to make our nation strong. Really, it is something we don't have a choice about. Thank you.

STATEMENT OF JACK WUEST, EXECUTIVE DIRECTOR, ALTERNATIVE SCHOOLS NETWORK, CHICAGO, ILL.

Mr. WUEST. I am Jack Wuest, with the Alternative Schools Network. Thank you for coming out here and listening to us.

Let me throw some numbers at you. Of the black youth in the country, 87 percent are unemployed. It is not 33 percent. The way they do statistics is that only 20 percent of black youth are considered to be looking for jobs. That means 80 percent don't exist. In the inner city of Chicago, most of those kids are unemployed. You take two-thirds of that 80 percent, and you have got 87 percent unemployment of black youth.

You have 900,000 adults in Chicago who don't have a high school diploma; 600,000 of those folks can barely read. You have got approximately 1 in every 3 young black men in Cook County arrested and jailed in 1989. If you said what country would that happen in, you might have said in South Africa. In Cook County, 29 percent of every black male in Cook County was arrested and jailed at some point in 1989, and that continues year after year.

Last, 15 people were killed in one weekend, in 2 days, in Chicago, during the riots in L.A. At that rate—and most of those people were in the inner city—at that rate, you have got the same death toll in L.A. Which is just to say that the kind of mahem that occurs, people who don't have jobs, it happens all the time. L.A. was just an expansion of what happens all at once.

One way we have to think about poverty in this country is to think of it in terms of individuals. And there is a lot of stuff I have read that the Japanese are extolled in terms of their economic system, because of many of the systems they learned from Ed Demming, who was born and raised in Iowa. If people are not doing well in Japan, the poor, they try to look at the system they develop. We have to look at the economic system and the manpower policies in the same way. If we don't, we won't get at the issue of poverty in any way.

Certainly it is a problem. I have got three daughters that are 11, 7, and 5. And I have to tell you, I don't know what kind of world they are going to come into. I don't know what kind of safety they are going to have. I don't know what kind of world they are going to look at.

The income rates of people in this country are falling. The economy is not very healthy. This is the reason that Ross Perot is very interesting to a lot of people, because he is looking at a system. He is looking at what is wrong industrially with this country, what is wrong with the fundamental problems of this country.

What does this have to do with the Family Support Act? We can shift some deck chairs on the Titanic here, and that is what I think we are doing.

It is important to try to get as much money out, and one of the things I have talked about is that we have got the Family Support Act, with the tax changes you guys made in 1988, the child care tax credit, it is now generating $2 billion a year, and we are only spending between the child care provisions of the Family Support Act and the JOBS portion, only $1.1 billion, so we are paying off the Federal deficit off of the tax changes we made there.

Congressman Rostenkowski had a question: Where is some of the money going to come from? From the changes you guys made 4 years ago, we have got some money in there some way, and we ought to put our hooks into it and bring it back to the FSA, and at least $2 billion.

The match requirement, if I could convince you not to do it 90–10 but to do it 100 percent, I don't think we could convince Jim Edgar to put even $3 million, as 10 percent match for the money we are losing. I don't think a lot of States would be able to do that.

Fundamentally, the areas I talk about briefly here would be jobs and employment. It is interesting to look at the unemployment rates I mentioned; 87 percent for black youth across the country.

In 1933, actually in December 1932, Jack Reagan was laid off on his job—that is Ronald Reagan's father. He had a hard Christmas that year and his son Neal was laid off too. From January of 1933 to about the middle of 1934, Jack Reagan and Ronald Reagan's father and his brother Neal worked in Dixon, Ill., through the WPA. In his biography, he talks about the importance of those programs that it meant to his family.

We have a condition much worse in the inner city now, with an unemployment rate far above the 25 percent that we had in the country at that point. We need a transitional program for these people, or else we are going to see what we are seeing in Los Angeles getting bigger and larger.

But one of the issues is, we don't need to have jobs run by the Government. When the workers in New Groton, Conn., fight for the *Seawolf* submarine, that is Federal money that comes through the private sector and provides jobs.

In the 1970s, there were youth employment programs and adult employment programs run through Chicago here that led to a theater renaissance, private theaters that just burgeoned all over the community. Private community groups ran the programs. There were 50 percent placement rates for people without trying to place them. Once they had a job for 1½ or 2 years, they went out and found jobs.

Government sector money doesn't have to be government-run jobs. It can be money that goes through the private sector. The whole youth act developed under the Carter administration had private jobs that could be paid for by public dollars in private companies.

I think we need to rethink how we provide jobs for people. We need those kinds of jobs.

An immediate action to look at is doubling summer youth employment, which I think the Senate is looking at right now. Hopefully you guys can do something about that.

The youth act died in 1980. I know it works, because we have still got the multicolored books generated from that. We need—as bad as the economy was going in 1980, for 1 billion in school, 1 billion out of school, that bill died. We need some kind of youth act like that that combines that and maybe that will look at some of the restructuring in JTPA.

So in terms of jobs, just employment, we need to come up with short-term employment for kids as well as long-term employment for youth and adults. If we don't, we are not going to see—I am

going to continue to have my worries and I think other people here in this building and in this room will have worries about what kind of world their kids are coming into, because it is just going to get worse.

I will make a couple of more comments and then be done.

In terms of education and training, as I said before, we need to eliminate the match for the Family Support Act. The political realities are you can eliminate the match for unexpended moneys. You can eliminate the whole match because a lot of States are anteing up the money don't want to see that happen.

I would hope it would go 100 percent. I don't think we will be able to convince Governor Edgar here to put his $3 or $4 million up, especially in light of cutting out of the millions of dollars for general assistance.

And again, the money is there. The money is being generated by the tax changes you made in the child care tax credit in 1988.

Also, in closing, I will say that we need to expand some kind of and develop some sort of industrial policy in this country. There has been an excellent series of articles by Dick Longworth last week about the loss we are suffering in our computer industry. MIT has done a book called "Made In America," and a lot different reports have said how we are losing ground, industrial ground, losing our jobs, and losing our competitiveness.

The fundamental things—when I proposed we have governmental moneys to run through different private and public sectors to provide jobs, that has got to be primary. We have to have a healthy economy. The only way we are going to do it, I think that again is part of the reason why Ross Perot appeals to people, because he talks about doing some restructuring of the economy in a way that makes it work.

We need to look at some kind of industrial policy that is going to make us more competitive, or we won't have jobs that will pay the wages. As we see, there is no real upturn in the economy, because people don't have the money to buy stuff.

In closing, it is good you guys are out here to take a look at this stuff. I am encouraged about talking to your staff about the move to eliminate the match or reduce it, this urban aid package, if you can do that quickly, and also the summer jobs money.

[The prepared statement follows:]

STATEMENT OF JACK WUEST, EXECUTIVE DIRECTOR, ALTERNATIVE SCHOOLS NETWORK

Thank you Mr. Chairman for the chance to talk to the sub committee today. I am Jack Wuest executive director of the Alternative Schools Network a coalition of 45 community based organizations educating 3,000 children, youth and adults in a community run schools in the inner city neighborhoods of Chicago.

Here are some numbers:

87%
900,000
600,000
1 in 3
15 in 2

What do these numbers mean?

Very serious trouble.

87%?

87% of black youth are unemployed.

How? Only 20% of black youth are considered to be in the labor market - looking for work. And only 2/3rds of that 20% is employed - 13% of the total is employed. So 87% are unemployed

900,000?
600,000?

Over 900,000 adults in Chicago did not finish high school. They don't have a high school diploma. This is 1 out of every 2 adults in Chicago.

600,000 adults in Chicago cannot read simple books or add basic numbers. Their reading and math skills are below the 7th grade level. They are functionally illiterate.

1 in 3?

In 1989 nearly 1 in 3 of every black man (age 20-29) in Cook County was arrested and jailed. The exact figure was 29% - of all the black men age 20 to 29 in Cook County.

15 in 2?

During the weekend in Chicago, while the riots went on in Los Angeles, 15 people were killed mostly in the inner city of Chicago - and in Chicago there were no riots. The L.A. riots just expanded to a huge scale the murder and mahem that regularly happens in inner city neighborhoods across the country. In fact the rate of 15 murders in 2 days would nearly match the LA riot murder rate in 5 days.

Pretty bleak. But this is the reality of our country

What to do about it?

My remarks will try to outline what must be done and most likely won't be done to get a handle on these problems. I'll call these long term action. I will then fall back to "harsh reality" and outline some more "practical" actions to take.

The fundamental problem of poverty is an economic problem - people who are chronically poor are failed by the economy i.e. it is the failure of our economic system and its manpower policies to bring people into the mainstream by providing training and jobs that pay enough to allow people to take care of themselves (housing, food, transportation, clothing, entertainment, etc.) and to eventually have the option to raise a family.

The three basic approaches we should take would focus on:

1) Employment/Jobs
2) Education and Training/Human Resource Development
3) Income and other Supportive Services.

I'll take these three areas separately.

First: Employment and Jobs

Certainly there is a economic depression in the inner city. In 1933 among the many people unemployed were Jack and Neil Regan - Ronald Reagans' father and brother. They found work in Dixon Illinois but not in the private sector. They had jobs in the Federal Emergency Relief Administration and the Civil Works Administration. These jobs got both of them over their difficult times and a year later they found other jobs.

We should do for the people in these communities what we did during the depression - provide jobs.

We have much higher unemployment rates in the inner city and many rural communities across the U.S then we had during the depression.

We must provide good paying jobs with strong fringe benefits so that adults and youth can make a contribution while they earn some money - enough money to take care of themselves and to eventually to raise a family. How should we do this? Through government funding directed through the private for profit and not for profit sector and the public sector.

Government funding must become the means of last resort transition employment for people who are unemployed longer than 4 months.

But let me be clear.Government should not be the employer of last resort. But government funding flowing through other sectors must be the way of employing people. We must help long term unemployed people in the same way that Jack and Neil Reagan were helped during the depression.

This is a long term solution.

A short term action would be to double the summer youth employment money and to have this ready to go by June 15th

Very simply, to avoid and prevent more riots jobs must be made available on a massive scale, in the way I mentioned above to people who need and want them.

We also need more incentives for the private sector to hire people to create one or two jobs.

We also need a broad based, clearly outlined and implemented industrial policy to rebuild a long term solid economic foundation to create high skill/high wage jobs. Many of the parts to this policy are outlined in the reports I mentioned earlier.

Second: Education and Training/Human Resource Development

We need to provide effective comprehensive education/training programming - to develop a comprehensive system - to far better prepare youth and adults for high skill/high wage jobs.

Some immediate actions to speed this along would be to change the state matching requirement for the FSA/JOBS program into a grant- for the remaining unspent funding that the state have not drawn down.

Make this a permanent change- not one or two years. We would immediately free up $500 million to the states - $34 million Illinois ($22 million of this to Chicago).

And the kicker to this recommendation is that the 1988 FSA child care tax credit changes is now generating $2 Billion to the federal treasury while the FSA/JOBS and Child Care programs are only spending about $1 Billion. The 1988 FSA is helping to retire the federal deficit.

Let's at least spend this $2 Billion on FSA/JOBS and Day Care. Its only fair. Let's stop balancing the federal deficit on the poor.

A long term action must be to significantly expand FSA/JOBS and Day Care funding to $10 Billion.

We also need to pass the 1980 Youth Opportunity Act. Its needed far more now than 1980 when it passed the House overwhelmingly but was never voted on in the Senate.

The America's Choice report has a good set of specific recommendations to address our economic needs for a human resource development system.

Third: Income and Support Services

We need to provide adequate income health care and other support services for people who are incapable of working. The goal of these support services would be to help people to move eventually into jobs.

Three Things:

1. Jobs
2. Education and Training
3. Income and Support Services

What I'm going to say is caught between the problem we are all caught in: between what may be or is possible versus what must and should be done to take a real crack at solving the enormous problem of poverty in our country by providing people the opportunity to hold a job, earn enough money to take care of themselves and to have the chance to raise a family - to contribute and work, to earn money through working day in and day out, to dream and hope and to be able to make those dreams and hopes a reality.

When you're poor and unemployed its your personal problem. But the cause of the wide spread poverty in our country is a fundamental failure of the economic system.

These days the effectiveness and success of the Japanese economy is held in great esteem. Their emphasis is on the system. If a corporation fails they don't blame the individual workers they look at that company's leadership and they look at the management system that that company operated under. The same outlook holds true for the way that they organize their entire economic system. If there are breakdowns, then the entire system must be changed and improved.

The overall system must be analyzed, innovations constantly made, and improvements implemented. The system serves the workers at the shop floor to best serve the customer.

Its funny but they learned this from an Iowa born and raised management consultant, Ed Deming, when he taught them this emphasis on changing systems instead of blaming individuals. Deming worked in Japan as part of the U.S. occupation forces after WWII. And the Japanese leadership learned well.

We have some relearning to do!

Reports like America's Choice: High Skills or Low Wages, America in the New Economy, Made In America, Gaining New Ground: Technology Priorities For America's Future to mention a few, outline the challenges and changes facing our country and how we must change how we run our economy. And these reports are coming from the business community.

The broad and extensive increase of poverty in this country has been blamed on the poor. They are lazy, or lack get up and go, are stupid or whatever. We can learn from the best run countries and corporations, we can learn from the leaders of these countries and corporations that we should fix our systems - our economic system and our human resource development policies - if we really want to tackle this problem of poverty successfully. We should stop blaming individuals.

Incredibly we are decreasing income and support services at an alarming rate at the state level. Here in Illinois and many other states tens of thousands of adults are being taken off general assistance payments and yet there are no jobs for these people.

Chairman ROSTENKOWSKI. Thank you.
Mr. Donahue.

STATEMENT OF JOHN A. DONAHUE, EXECUTIVE DIRECTOR, CHICAGO COALITION FOR THE HOMELESS

Mr. DONAHUE. Mr. Chairman, members of the committee, thank you for coming to Chicago, or returning to Chicago, as the case would be.

I hope that this—I hope you understand this comment. I hope this is not just another congressional hearing. People are hurting in Chicago, and something has to be done. And I hope that you will not go back to Washington and talk about this, but actually scream for us, because people, as Jack Wuest was saying, L.A. happens in Chicago every day.

I understand that this hearing is specifically on the job opportunities and basic skills program. My remarks go beyond that, for the problem at hand is not a welfare system or a program that doesn't work. It is an economy that is shot.

A lot of people go through the Project Chance program in Chicago, get a service job that pays minimum wage with no benefits, and they work less than 40 hours, and they are back on the street again, back on the welfare rolls again, because they can't make it.

A friend of mine worked for Sara Lee bakery for many years making $11 an hour. Sara Lee closed the bakery a year ago in December. He was collecting unemployment benefits, and finally took a job for $4.50 an hour. He has got five children. He is not going to make it. He is going to be homeless.

In the city of Chicago, the median rent for a two-bedroom apartment is $560 a month. According to the General Accounting Office, anyone who pays over 30 percent of income on rent is in financial jeopardy. In order to pay $560 a month on rent and not exceed 30 percent of income, one would have to make $10.77 an hour and work a 40-hour week. According to these figures, my friend is not going to make it.

And indeed, a lot of people who are on welfare won't take a job at McDonald's, as Mary Hartsfield said, precisely because there are no benefits. So the income might be more, but the scary thing is to be left out there with children with no benefits.

I support Mr. Russo's universal health care plan, and I think we should all realize that that is part of this package. If we want to talk about real possibility of people moving from welfare to mainstream, universal health care is absolutely necessary.

The downward spiral from industrial jobs to service jobs to joblessness and homelessness will this year, in the city of Chicago, see over 50,000 people homeless in the city of Chicago, and over 100,000 people statewide now, over 40 percent of those people are women and children, and 30 percent of those people are veterans. We have even seen two veterans from Desert Storm homeless.

Add to this over 60,000 people who will be cut off of general assistance in order for Governor Edgar to balance his budget.

Currently, the unemployment figure nationally is 7.7. This month in the city of Chicago it is 7.8. But a recent study indicated that over 40 percent or close to 40 percent of the unemployed

aren't even counted anymore. And our African-American and Latino communities in Chicago, the unemployment rate is estimated at 35 percent. And 45 percent of Latin American, African-American, and Asian renters are paying over 70 percent on rent.

Now, we are not talking about homeless people. We are talking about the about-to-be-homeless. So there is an enormous need to create jobs now, and the Federal Government can provide and must provide the resources to do it.

On March 10 of this year, I asked the mayor of the city of Chicago that on April 1 he declare Chicago a disaster area, considering the 60,000 people who would be cut off of public aid. He didn't do it, but Marshall Fields got their feet wet and Chicago was declared a disaster area.

That kind of disaster will occur over and over again all over this country if we don't get about rebuilding our infrastructure. This could put thousands of people back to work on real jobs, and we urge you to look at some of the legislation in Washington now. Sarbanes and Sasser have some bills to address this problem. If they are not the answer, some other bills should be passed to rebuild our infrastructures and put people back to work.

I also urge you to oppose free trade legislation that is being considered. This would give corporations license to gain outrageous profits—I am not against profits—but to gain outrageous profits by stealing jobs from our communities and ripping off workers in Mexico and other countries.

Chicago has lost over 280,000 industrial jobs, and those, jobs that pay a living wage. Oscar Mayer, over a hundred years in the city of Chicago, in Cabrini Green, is closing down, 675 jobs. Leaf Gum, on the West Side, Cicero and Division, closing down 1,000 jobs. Brachs candies is teetering, 6,000 jobs. I mean, it is endless.

Specifically on the JOBS program, Illinois is losing approximately 35 million Federal funds. This was said over and over again. Hopefully you will remove the match so those funds can come in.

The other point on this is that if they do come in, we should make sure that those go into programs that are training people for jobs that pay a living wage. Federal funds are being sucked up by cosmetology colleges that teach people to paint nails and not gain a living wage. There were 7,000 metal industry jobs last year that went begging, that pay over $20,000 a year to start, because we in Chicago only trained 500 people for those jobs. It doesn't make sense.

Finally, the Coalition for New Priorities promoted a referendum in Chicago last year that called for a 50-percent reduction in the budget for military spending. Seventy-three percent of the voters in Chicago voted in favor of that referendum. I imagine that a national referendum would yield the same result.

I urge to you break down the budget walls and spend the peace dividend on putting people back to work, generating a sense of hope, and solving the problem of homelessness.

If $130 billion can be found to bail out the S&Ls and $7.7 billion can be spent on Star Wars, SDI, I am sure that moneys can be found to save our number-one national resource: People.

Thank you.

[The prepared statement follows:]

CHICAGO COALITION FOR THE HOMELESS

TESTIMONY OF JOHN A. DONAHUE, EXECUTIVE DIRECTOR, THE CHICAGO COALITION FOR THE HOMELESS, PRESENTED TO THE SUBCOMMITTEE ON HUMAN RESOURCES, COMMITTEE ON WAYS AND MEANS, U.S. HOUSE OF REPRESENTATIVE'S FIELD HEARING, IN CHICAGO, ILLINOIS ON MAY 29, 1992.

Mr. Chairman, members of the Committee, I would like to commend you for bringing this hearing on JOBS to the City of Chicago. Although I understand this hearing is specifically on the Job Opportunities and Basic Skills program, my remarks go beyond that. For the problem at hand is not so much a welfare system that doesn't work, but an economic system that shuts people out of work. JOBS, or Project Chance as we know it in Illinois, has provided education, job training and employment services for people to escape welfare and poverty. It has not been overly successful because of State budgeting constraints, lack of adequate federal funding, but most of all because there just aren't enough jobs that pay a living wage. Chicago has lost over 180,000 industrial jobs and has replaced them with only approximately 83,000 service jobs. While industrial jobs pay an average of $11 an hour and provide benefits, service jobs generally pay minimum wages based on less than a 40 hour week, and provide no benefits. Antonio, a friend of mine, father of 5 children, worked for Sara Lee, a bakery in north Chicago. He received $11 an hour and benefits a year ago. Sara Lee closed down its plant. Antonio, after receiving unemployment benefits for several months and continually searching for a job, ended up taking a job paying $4.50 an hour and no benefits. He's not going to make it. He's going to end up homeless and his family will be torn asunder.

In the City of Chicago, the median rent for a 2 bedroom apartment is $560 a month. According to the General Accounting Office, any one who pays over 30% of income on rent is in financial jeopardy. In order to pay $560 a month on rent and not exceed 30% of income, one would have to make $10.77 per hour and work a 40 hour week. According to these figures, Antonio is making less than half what he needs to survive.

The downward spiral, from industrial jobs, to service jobs, to joblessness and homelessness will, this year, affect over 50,000 people in the City of Chicago and over 100,000 in the State of Illinois; add to this, over 60,000 people who will be cut off of General Assistance in order for Governor Edgar to balance his budget. Currently, the national unemployment figure is 7.7%, but in the City of Chicago, it is 7.8%. A recent study revealed that 40% of the unemployed are no longer counted. In the African-American and Latino communities in Chicago, unemployment is estimated at 35%. Also in the African-American, Latino and Asian communities in Chicago, over 40% of renters are paying over 70% of their income on rent. Considering these percentages, we should also talk about the "about to be homeless."

So there is an enormous need to create jobs NOW, and the Federal government <u>can</u> provide and <u>must</u> provide the resources to do it.

On March 10th of this year, I proposed to the Mayor of Chicago to declare our city a disaster area on April 1st because of the 60,000 people who would be cut off of public aid, with no

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CHICAGO COALITION FOR THE HOMELESS

income, no medical benefits and an emergency service system already strained to the limit. He didn't do it; but when Marshall Field's got its feet wet due to the flood, Chicago was declared a disaster area and Federal funds were found to pay for it.

The same kind of disaster will occur over and over again all over this country unless resources are made immediately available to repair our infra-structure and this could put thousands of people back to work on real jobs.

I also urge you not to approve the "Free Trade" legislation that is being considered. This would give corporations license to gain outrageous profits by stealing jobs from our communities and "ripping off" workers in Mexico and other countries.

Specifically on the JOBS program, Illinois is losing approximately $35 million in Federal funds because the State can't come up with the match. I would ask you to remove the requirement of a match and make a direct grant. I would also advise you to insure that these monies are being used to train people for jobs that pay a living wage. Last year Chicago trained only 500 people for 1,000 jobs available in the metal industry. These jobs pay over $20,000 to start. On the other hand, cosmetology schools sucked up federal funds, training thousands of people to "paint nails" for minimum wages and little job opportunity.

Finally, the Coalition for New Priorities promoted a referendum in Chicago last year that called for a 50% reduction in the budget for military spending. 73% voted in favor of the referendum. I imagine that a national referendum would yield the same result. I urge you to break down the budget walls and spend the peace dividend on putting people back to work, generating a sense of hope and solving the problem of homelessness. If $140 billion can be found to bail out the S & Ls and if $7.7 billion can be spent on Star Wars (SDI), I'm sure that monies can be found to save our number one National Resource --- People!

Thank you.

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Chairman ROSTENKOWSKI. Thank you.
Mr. Calhoun.

STATEMENT OF LeVON CALHOUN, FORMER GENERAL ASSISTANCE RECIPIENT, CHICAGO, ILL.

Mr. CALHOUN. My name is LeVon Calhoun, and I am an individual who has been talked about all morning. I was one of those 60,000 cut off of general assistance. And I am sorry that I don't have any written testimony that I can submit to the committee, but I would like to make a few comments on what I have heard this morning.

Chairman ROSTENKOWSKI. Please do.

Mr. CALHOUN. OK. Some of the problems with that JOBS program, and I assume this is the JOBS program that has been funding Project Chance, and this is something else that I put together this morning from the testimony that was given, is that it really doesn't go far enough. Like Mr. Donahue just said, you have a lot of corporations out here who are wearing the lamb's wool of educating somebody without really giving them the meat, and devouring the individuals who are coming in to utilize those services, and not providing them any real service, that is, to get them into a paying profession.

I am an individual myself who has been out of work for 2 years. And I have put out thousands of rules, gotten back a few responses, and everybody says, "No." Yet I have a Governor, who I did not help elect, I vote for his opponent, who basically tells me there is some type of job tree out there that will provide me a job. And I haven't found it yet. I wonder if he can.

However, I noticed looking at the State budget, he has been able to find money to increase expenditures to give race horses drug tests. But he can cut me off of general assistance.

So what I am illustrating is that we have a really bad problem with priorities here. And like Mr. Donahue and other panelists said this morning, our main priorities should be people, because people are the ones that help make this country one. People are the ones that help provide taxes to do things this country can do, as well as pay the salaries of most of people this this building.

And there is a real need—to speak specifically about the JOBS program—there is a real need to eliminate the 20-hour component, because one of the things I have seen, and I speak from experience as being a human service professional, when I was employed in the organization on the West Side, is that persons that were brought in under that particular JOBS program were basically brought in for such menial tasks that they might as well have just been out on the street doing that for somebody who would give them a living wage instead of basically doing it to keep their grants going, which is how it has been set up in this particular State.

Another thing is that it allows these places to abuse them. In the 2 months I spent with the senior services agency working in a staff position, I never once saw any of these individuals who were coming in with Project Chance work experience being offered any type of real position inside the agency. Rather, they were used to

clean bathrooms and sent over to a local politician's office to help clean his bathrooms.

Another thing is that there is a need to increase the target group for this JOBS program to individuals who are single like myself. I mean, Dan Quayle got a lot of political mileage, probably the wrong way, in speaking about Murphy Brown recently. There are a lot of us gentlemen out here who have tried to be responsible with their families. In my particular case, I don't have a family. I am 35 years old, and I don't have a child. There are no LeVon Juniors running around. The reason is, if I can't support myself, how can I support my family? Makes sense, doesn't it?

We have a program basically set aside to promote qualities, but within these various groups. All I have seen so far is basically a zero-sum game. To cite the State budget again, for example, you have a situation where Governor Edgar is cutting out moneys to help women with children, you know, get their teeth fixed so they can go on employment interviews. Well, there are a lot of men out here that need their teeth fixed also so they can go look good in front of an employer, but there was never any money allocated for that.

And also, the support services that are necessary, for example, you have homeless people, you have long-term general assistance recipients, persons who went through the education system and can't really read at a level to fill out a job application. With the change of Project Chance into opportunities, it seems to me those folks will not be able to get any opportunity at all to get work. So therefore, it is incumbent that the Federal Government steps in and does something to assist these particular people.

I am not talking about just those who are part of the jobless rolls, the job statistics, because like the census, I am not counted in the jobless statistics, because I am on welfare. Therefore, I am not considered looking for work. But there are a few people on this panel and some of the people in this room can tell you that that is a full-time job for me.

And I really would like to see an initiative that would basically, aside from the one we are discussing today, that would basically make welfare a truly transitional program.

Issues have been raised this morning about standard of need in the State of Illinois and the standard, you know, Federal poverty standard of the United States. And $154 meets neither, OK?

And I am pretty sure that if those moneys were increased—and I am talking about totally new legislation here—that if those moneys were increased to basically give individuals like myself opportunities to be able to go out and wear a suit, for example, and shine their shoes and cut their hair in order to make themselves very presentable to an employer in hopes of getting a job and not have to worry about homelessness or lack of availability to eat or be able to get the materials to help market themselves to get a job, I am sure that a lot of these people will look at the welfare program as something that is stealing their dignity, and go out and get those jobs.

But there also, on the other hand, has to be a way to increase the available jobs. Like Mr. Donahue said, and I live in the neighborhood that he has illustrated, the jobs are leaving our neighbor-

hood, and they are running out like the roadrunner, out to other countries, simply because the companies feel there is more profit for them to take it across the border, pay somebody $1 an hour for the same type of work, instead of paying $12 and $13 an hour so somebody can have a living wage and provide for a family here. For me that is ridiculous.

There should be legislation that keeps these American companies in America, and if they decide to leave, they should pay a pretty heavy tax for that, in the neighborhood of 70 percent. So if they make dollars overseas, they will have to help support social programs that are much needed by people in these areas.

I would like to thank you for the time speaking this morning, and I would be happy to answer any questions you might have.

Chairman ROSTENKOWSKI. Thank you.

Mr. Connelly, we started out the program, some 25 years ago, and the Federal Government started to feel, that grant and aid programs were not going to work. I was always under the impression, even as a young legislator, that some of the problems in Los Angeles don't necessarily match with the problems in Chicago. Mayor Daley was cognizant of the fact that cities like to be islands unto themselves, but there was always this suspicion in Washington when we gave money to the local mayors and local county commissioners we didn't follow the money, they became a little promiscuous with it, and so we enter into revenue sharing.

And don't misunderstand me. It wasn't an isolated case. Members on the panel would say that we should regulate the dollar every inch of the way. So you make the comment that the problems aren't on the top, with the ideas trickling down. The problems should be solved from the bottom up because that is where you are seeing the functioning of the operation, whether it is good or bad.

Would you think that we are overregulating? You certainly pick up 21 pages——

Mr. CONNELLY. 42.

Chairman ROSTENKOWSKI. 42. Do you think we are overregulating, and is it because we don't trust the local government, or is it because we feel it is Federal dollars, so then we should totally control it?

Mr. CONNELLY. I don't think it is so much an issue between the Federal Government and the local governments. I think, rather, at the Federal level, from my perspective, and I am a service provider, I go to Washington occassionally, and I can't speak with any authority, but from my perspective, it is as if there are a number of good ideas being pulled in a bunch of different directions. There is no leadership coming out at the Federal level now. That is pulling things——

Chairman ROSTENKOWSKI. But let me tell you something. Every program, good or bad, winds up with the protective coating. We can't destroy it, we can't get rid of that program. There are occasions where we would like to eliminate a program. Boy, oh, boy, pressure groups coming from everywhere. And the media won't talk about our trying to integrate this program into another program. They just say, Oh, you are eliminating this program.

You become frustrated when you are trying to do something worthwhile, you are criticized for it, and then you throw your arms up and surrender.

One illustration, in the 1990 5-year Deficit Reduction Act, the 19 managers made the recommendation that in the health area, we cut $60 billion out of the program. Well, members on this panel weren't going to buy that. We sat at Andrews Air Force Base and argued, and it got to a point where it was so vociferous that people were leaving the room. But the fact of the matter is, we argued to a point where we only cut $42 billion as opposed to $60 billion over a 5-year program.

We are criticized—it is not suggested that we did some good by saving $18 billion. Instead, we are criticized for the $42 billion that we cut. These are my colleagues sitting here saying, We are not going to cut that much. And it is so easy for the administration to say, Here is where we want to cut, knowing that we won't tolerate it. But then they say, if you want to do something else, you assume the obligation for finding the money for saving the program—one of the two. So it winds up being Members of Congress that are saying, We can't do this, but we don't have the votes to protect it.

Mr. CONNELLY. You are being pulled in all kinds of different directions.

Chairman ROSTENKOWSKI. The senior citizen that is being somewhat preserved, in a fashion, because we are only cutting $42 billion as opposed to $60 billion, is not saying, I am grateful they are only cutting $42 billion. We are not credited with trying to save the $18 billion. That becomes very frustrating to those of us in Washington.

Mr. CONNELLY. We work with 1,200 inner-city kids a year, and from my point of view, working with JTPA, and maybe 40 percent of the funds is JTPA, and about 50 percent is private money, thank God. And with JTPA I got a deal with the city of Chicago that is trying to interpret what a State of Illinois bureaucracy wants, which is trying to interpret what a Department of Labor bureaucracy wants, and they say, We are going to write these amendments, let's change it, and by the time it trickles down to me, I am left with 42 pages of paperwork.

And I think that really is part of the problem. This great block grant stuff, and Lord knows the Governors love it because I have got a whole bunch of new patronage jobs——

Chairman ROSTENKOWSKI. There you are. We look at every politician with the patronage, but is the politician trying to do the job? This is history. I don't want to bore you, but Richard J. Daley was a very controversial mayor. I was part of his early operation. When we took over city hall, they expected us to take screwdrivers and take the doors off. The difference was that he curbed and gutted everything. People started to say, By God, this is great. Richard J. Daley would think, I don't want control from Washington about programs that I am going to run in the city of Chicago, but it is interpreted as patronage.

Sometime we have got to start having a little faith in some of the public officials that we have administering our programs. And I think you are better served by a local organization, because we

are 630 miles away, and I think the reaction is felt more when it is the local operation doing things.

Mr. CONNELLY. It is frustrating all the way around. The local operation is coming up with 42 pages reacting to what they think the Federal operation wants. And it is—I think if we did have that leadership in the administration, which I don't believe we have, that said, Look, we have got this problem, let's get all this stuff we are doing on the table, let's pull it together and see how we can direct it toward solutions, and that is probably going to be, let Chicago do it one way, but this is what they have got to come up with.

Chairman ROSTENKOWSKI. Mr. Wuest.

Mr. WUEST. The leadership from—the Presidential level has provided no real leadership. I have worked in social services, employment and training, and what happens with those programs is, there is not much protection for those, so everybody carves out their own little niche and they fight like hell to hold that niche, and everybody screams when the cuts come down. That is the kind of defensiveness that everybody is in.

In the last couple of years, I read the MIT study on industrial productivity and some other stuff in terms—it outlined eight basic industries in this country that have been declining for the last 25 years, and it is shocking, because looking at the machine-tool industry, for example, after World War II we had a clear idea of what the machine tool industry was in terms of national security. Yet when they wrote this report back in 1989, 1988, and 1989, they said, we are in a national security crisis in terms of the machine-tool industry. There is a CIA report written in 1983 that said this.

I have to tell you, I scratched my head and said, we understand leadership has not been for social services, and we are dividing the poorer classes from the middle classes, and that has been a winning strategy for the Republican Party for 25 years. But just from a national security point of view, these guys can't get their act together just on the issue of machine tools and how to continue to make bombs and tanks and weaponry. If they are not organized on that level, it is pretty frightening, because they are certainly not going to be organized—because that is an essential part of the Republican Party.

You have got George Fisher from Motorola who wrote a report and said, We are in deep trouble on technology, and there has been no response from this administration whatsoever and the leadership is not there whatsoever. Your frustration, I see, you are talking about social services and everybody is just beating the hell out of you guys, of course, that is going to happen. When the overall leadership is not there, it is crazy.

Chairman ROSTENKOWSKI. Somebody referred to enterprise zones. They are a great idea. But the minute we start talking about an urban enterprise zone, we have got a rural enterprise zone. In addition to having 10 urban area enterprise zones, we have got to have 35 rural area enterprise zones. When you start putting the legislation together, you say, Where do I get the votes, and we are still a rural-oriented legislative process.

Mr. WUEST. This is why I take it to the Presidential level. If you don't have Presidential leadership——

Mr. DONAHUE. You can't solve the problem of schools by throwing money at it, as the President has said, but you can't have the education without the resources. I go back to that.

There are resources in this country to solve this problem. It is the big picture. Why should we look at welfare scams when we have the Keating scam and the Millken scam—big bucks. You know, where are our priorities? We need to put the resources in, and then we don't have to fight over whether one program works—the reason we have 42 pages to qualify a person for JTPA is to discourage people from running programs. Let's get the economy back on track.

It is not the welfare system. I mean, if that woman had health care, daycare, and a job, she wouldn't be on welfare. Let's go after the economy and get the resources into it.

Acting Chairman DOWNEY. I wanted to say that one of the things we have tried to do—and I think we have heard you loud and clear and I think you have had a big impact all day on the way we are going to put together this urban initiative and the changes we want to make in the Family Support Act—is that we really do appreciate that you want to have outcomes. You are interested in achieving goals.

We want to broadly define those goals at the national level, and we want to reward people who are doing a good job, and we want to help those people who aren't doing a good job. Hopefully, I don't want to sound too much like a cliche, but the 1990s will be about this reinvention of government you have read about and heard about, because the distinctions between State, local, and Federal are lost on the people. I mean, they just want the help. If we can get private companies and businesss to do good things for people, let's let them, let's help them.

The point you made, Mr. Dobmeyer, is interesting, and it goes against the grain. I am not a States righter, but I would prefer to trust the States and to give them broadly defined goals and give them the resources to do things, because you are right in saying that things you would do in Chicago are different than what we would do in Seattle or New York.

In your testimony you imply that we should require that the entire State have a JOBS program, not just some counties.

Mr. Calhoun, you made the point it should be for single individuals as well. And the first thing that came to me is that it makes sense. If you are a mother raising children, we are happy to help provide you the skills, but if you have been a responsible father and you don't have the skills or responsible individual and don't have the skills, why couldn't you access this program? The reason you can't is because this is Aid to Families with Dependent Children, which is the title of the Social Security Act which deals principally with people and their relations with their children, and we have completely ignored the growing number of single individuals that don't have skills, that don't have the ability to train themselves. We are really going to have to face that.

I will recognize you if you can make it very brief.

Mr. CALHOUN. Mr. Downey, that is precisely the point. The point that you are making is that the system has determined that this particular act is for families with dependent children, and what the

system is basically doing, I am not a father, but there are a lot of single male fathers out there who are not living with their families.

In essence, the system is telling them, the State will support you, I don't need to be here so I am gone. And until you start dealing with that issue, you are not going to be dealing with the issues that Quayle and others raise when they attack Murphy Brown.

Acting Chairman DOWNEY. I want to recognize Mr. McDermott, but let me just say, Mr. Hyde and I have introduced legislation that would address the question of single fathers, in what we consider to be a thoughtful and compassionate way, for them to recognize their responsibility for their children, and we would allow them access to the JOBS program and expand the JOBS program by $4 billion to do that.

Mr. Dobmeyer.

Mr. DOBMEYER. I think it is important for the Federal Government to—and I think the issue of leadership is what was being talked about also in this panel—is that we are desperately looking for some leadership. We don't think we have got it in the State. We have got to try and put it together from somewhere else.

So we are asking for just some—I am not suggesting we have total control. I am suggesting there be some parameters that say, Look, we are going to give you the dough, we want you to meet the needs of people in the State, and you still figure out how to do it, but we are going to put some parameters without it being totally onerous.

Acting Chairman DOWNEY. I agree with that completely. I think that is an emerging consensus that we see in the Congress.

Chairman ROSTENKOWSKI. Thank you very much.

Mr. DOBMEYER. Thank you, Mr. Chairman, for the opportunity.

Acting Chairman DOWNEY [presiding]. Our last panel, Barbara Goosinow, Martha Pamplin, Miguel Caceres, we are delighted you have waited so long.

Ms. Goosinow.

STATEMENT OF BARBARA GOOSINOW, JOBS PROGRAM CLIENT, CHICAGO, ILL.

Ms. GOOSINOW. My name is Barbara Goosinow. I am with the Near Northwest Neighborhood Network as well as National People's Action.

I have been looking for a job for over a year. And my unemployment benefits have run out. My extended benefits are about ready to run out. I have been to Project Chance's office, and I am very frustrated. First of all, they gave me a reading test and some math test, but I am never told the results. I don't know what they did with them.

I know people that go through the Project Chance program just so they won't lose their benefits. The program isn't doing any good. And people just want work. And this program isn't helping us do it. It is a joke.

I am 51 years old. I continue to go on interviews. Companies don't tell me I am not hired because of my age, but I wonder. The ABLE program only offers jobs at minimum wage. And half the

jobs they have in their computer program are months old and have already been filled. So that doesn't help me.

I have got at least 15 more good years to work. But I have to wonder what a person my age is supposed to do.

If the State match is dropped for Project Chance and more money becomes available, the following things must be done to make the program do what it was intended to do: Help people get the skills they need to find jobs.

The program should allow people to start businesses by helping them to develop management skills and the money needed to start the business. For example, Project Chance could help more mothers at home get certifications needed to hospital daycare centers in their home. This would make child care more affordable for single mothers or any mother that has to work, and it would also have the person that is on welfare or whatever, it would give them an opportunity. They would be earning their own living. They wouldn't need welfare.

Project Chance workers have to keep recipients informed of current jobs, not outdated ones. They say I am employable because I can read and write. But I don't have the job skills, the updated job skills that are needed. I know a lot of people, they are employable because they can read and write, but they don't have any job skills to offer.

Project Chance should work with the unions to get people into training and certification programs so that they can get good-paying union jobs.

I mean, I have been to some of these JOBS programs. I was turned down for a program because I had no income. Now, how am I supposed to get an income if I can't update my job skills because I can't afford to go to one of the local colleges? But the city turned me down because I had no income, when I tried to get into the program. I passed their administration test and all, but I couldn't get into the program because I had no income. That makes a lot of sense. It is just so frustrating, when in other ways you qualify for these programs, and then they tell you something like that.

If the Government can find money, billions of dollars to bail out the savings and loans—I hate to bring this up, but what about some of the money seized from drug asset forfeiture legislation? Where is all that money going? Why can't some of that money be used for some of these programs? It would be a load off the Government. That is my feeling.

Maybe I am totally wrong. I don't know. But I want to work. I don't qualify for welfare. I don't want welfare. I want some way to update skills. I want a job. I want to work.

[The prepared statement follows:]

Barbara Goosinow
Near Northwest Neighborhood Network

I've been looking for a job for over a year, and my unemployment benefits have run out. I've been to the Project Chance office and have been very frustrated. First of all they gave me a reading test and a multiple choice test, but I don't know what they did with the results. I know people who go through the Project Chance program just so they won't lose benefits. The program isn't doing us any good. People just want to find work, and this program isn't helping us do it. It's a joke.

I'm 51 years old, I continue to go to interviews - companies don't tell me that I'm not hired because of my age but I have to wonder. The ABLE program only offers jobs at minimum wage. How am I supposed to take care of myself on minimum wage? If it wasn't for my family I may be on the streets. I have 15 more years of work, but I have to wonder what is a person my age supposed to do?

If the state match is dropped for Project Chance and more money becomes available the following things must be done to make the program do what it was intended to do... help people get the skills they need to find jobs.

1) The training has to be marketable- don't train people in outdated clerical skills.

2) The program should allow people to start up businesses by helping them to develop management skills and the money needed to start the business. For example, Project Chance should pay for more certification programs such as child care and truck driving. Providing individuals with certification requirements and assisting them in starting up a day care center would help many people because child care is so expensive. Project Chance would provide the training that people need to run child care centers and do it at a cost that working mothers could afford.

3) Project Chance workers have to keep recipients informed of current jobs, not outdated ones.

4) The Program must cover transportation costs to the suburbs where most of the new jobs exist, and the state must also address the difficulties involved in getting to the suburbs. Currently the transportation system out to the suburbs is not good dependable and commuting time is very long.

5) Project Chance should work with the unions to get people into training and certification programs so that they can get union jobs that pay well and have good benefits.

Acting Chairman DOWNEY. Thank you.
Ms. Pamplin.

STATEMENT OF MARTHA PAMPLIN, JOBS PROGRAM CLIENT, CHICAGO, ILL.

Ms. PAMPLIN. Mr. Chairman, members, first of all I would like to say, why is it that the people using this program were put last on this agenda? We are the ones using the program. We are the ones who need the jobs. We should be first. We are last.

One day we would like to walk in here and be put first on the list. We always are put last. We are at the bottom. We are here to give our testimony. You are here to hear our problem. Isn't this the reason we are here?

Chairman ROSTENKOWSKI. That is what we are trying to do.

Ms. PAMPLIN. Why are we last? Why not first? I understand we are going to be heard.

Chairman ROSTENKOWSKI. I don't know whose other panels you have been last on. I don't know what the priorities are here, but you are being heard.

Acting Chairman DOWNEY. You are going to leave us the last impression. The last word.

Ms. PAMPLIN. OK.

Well, to continue, I am an AFDC recipient who has been through many job training programs. Some of the different programs I have completed are a home repair class through Malcom X College, young parents training, and an LPN program. The problems I have seen with so many of these programs is that they don't train people for jobs that are actually available.

One of the things I think about Project Chance is that if this program is really supposed to help people find jobs, why does the Government have to blackmail people to attend. If you do not attend, they say, You will be cut off. It doesn't say—you shouldn't have to blackmail anyone into coming. If you do not attend, your assistance will be discontinued.

I know people who just go and sit through these classes, just to keep their benefits. And the classes are useless, and they are wasting people's time and taxpayers' money.

If you are going to train someone, at least have the job available after the completion of the training. We are not asking any guarantee. We are just asking you to support your word that you already have given. You promised us a job after the completion of the training. Have a job there. And not a job just to say, Well, we found a job. Give us a job that we would be able to—that we would be able to provide for our family. Not a minimum-wage job. That doesn't help us. A single-family cannot live on minimum wage. That is a high school kid's job, to pay for graduation.

AFDC tells you, they let you know that you have to have daycare center, clothing allowance. Why would I go out and get a job, paying minimum wage, and create other bills such as daycare when I can sit at home and babysit my own child? I don't even have to ride the bus, because that is more money.

Also, they cut you off public aid once you start this. Most of these jobs, minimum wage, don't have medical benefits. We can't

afford for our children to be cut off medical benefits. We need those benefits. That medical card is very important. The hospital will not see you once they find out you don't have any way of paying. You will be sitting in the waiting room, you will drop dead. We need to keep those benefits, unless the job provides it for us. But most minimum-wage jobs do not provide those benefits. If they do not provide it, there should be some way the AFDC will continue to give that you medical card even if you are working.

Another thing, minimum wage, food, the price of food, as you know, when you begin to work and then you make money, taxes are charged on the money, but not on the food stamps. So it is to say you are going to get less food, because that is taxed.

All we are asking is, just provide us with jobs that can enable us to provide for ourselves. We do not want to be on public aid. We are not asking for any handout, no charity. We want jobs just like the rest.

We are taxpayers. We are citizens of the United States. We are human beings too, and we would like to be considered as such.

There are several recommendations at the bottom of the page that I would like for you to take into consideration when coming to solutions on what to do about the problem we are having with Project Chance.

Number one, paying companies for on-the-job training, requiring they stay in the city and that they keep a certain percentage of individuals receiving the training. Instead of having Project Chance training people, why not give that money to companies that have open positions and that are not hiring people because they don't have the experience? Let the companies train the people.

They used to have on-the-job training. But now companies say it is a waste of time and too much money. Well, let Project Chance give them that money to train us, since the positions are open.

Second, if the job remains in the suburbs, make sure a transportation system is developed so that the people can get to the job. As I think the chairman of the Cook County Board of Commissioners said, all the jobs are moving from the city to the suburbs. So if the jobs are moving from the city to the suburbs and we cannot find any jobs here, why not make a way for the people to get to the jobs? That is all we ask. Make transportation available for to us get to the jobs.

We want to work. We cannot even afford to get to the suburbs, because most of the public transportation, it cuts out at 6 o'clock. Suppose you are on a night shift and get off at 12 p.m.? You are stuck out there. We are just asking that you provide a way for us to work. That is all we are asking. That is not a whole lot.

Third, recipients working with administrators of the Project Chance program to consider the realities of people's lives and the kinds of jobs the market is offering. This goes back to the minimum wage. All I hear is Kentucky Chicken and McDonald's jobs; that cannot help us pay our rent or anything.

Because there is a law saying if you have so many kids, you have to have the bedrooms to accommodate them. Maybe you can only afford one bedroom if you have five kids. What is that person supposed to do that that landlord doesn't have to rent to that person. There are a lot of families living in one bedroom that should be

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having three and four. But they cannot afford but one bedroom. They barely can afford that. There are a lot of people like that.

All we are saying is provide jobs that can help us to survive. We are here for survival. We are trying to survive.

Thank you very much.

[The prepared statement follows:]

Martha Pamplin
PRIDE

I am an AFDC recipient who has been through many job training programs. Some of the different programs I've completed are a Home Repair class through Malcolm X College; Young Parents Training and an LPN program.

The problems I've seen with so many of these programs is that they don't train people for jobs that are actually available. **One of the things I think about Project Chance is that if this program is really supposed to help people find jobs, why does the government have to blackmail people to join?** I know people who just go and sit through useless classes and training just so they won't lose their benefits. What kind of a program is that? Wasting peoples time and taxpayers money for these programs that don't do what they were intended to do ... provide skills and jobs for people. The programs also get people's hopes up for finding jobs, when the chances of finding a job aren't very likely.

Of course I'd like for more of the Project Chance money available to states to find jobs for people, but what good is it to bring more money to Project Chance if it will run like it currently does? If the state match is removed and more job training money becomes available these are some of the things I think would make the program more effective:

1) paying companies for on the job training requiring that they stay in the city and that they keep a certain percentage of individuals receiving the training;

2) if the jobs remain in the suburbs a transportation system must be developed so city people can get to the jobs;

3) Recipients working with administrators of the Project Chance program to consider the realities of people's lives (transportation, and child care) and the kinds of jobs the market is offering.

4) The benefits for child care and transportation must be extended for at least two months after the recipient starts work because as soon as you get a job, AFDC checks are cut off. In the meantime you have to wait for your first paycheck while you no longer have money for transportstion or child care.

4) Finally, training must be offered that will put people in jobs.

Acting Chairman DOWNEY. Thank you.
Mr. Caceres.

STATEMENT OF MIGUEL CACERES, JOBS PROGRAM CLIENT, CHICAGO, ILL.

Mr. CACERES. My name is Miguel Caceres. I was working for Stewart Warner for 15 years. Then I got laid off because the company moved to Mexico. And I was taking GED training, and then I go on body and fender. After that, I had no job.

I was employed for all this time, but when my employment finished, I finally had a job in a hospital for housekeeping. Then I am not supposed to do that. They put out clean beds and say I cannot do that. So I leave the job and they take my employment out, because I leave the job.

After that, they don't give me employment for 4 months. I had 4 months of rent. I live in the Chicago housing. They take me on call. I had to pay the money. They moved me out of the apartment. I called my mother in Puerto Rico and she sent me the money for the rent—$1,300.

And after that, I say, what I am going to do now? I can't find no job. And the only thing I can do is call the welfare. And I go to the welfare last month. Last month I got the first check. Now I get $150. They were going to give me $305 a month, and I have to pay $150 a month on rent. I don't know if I can make it. But I don't want welfare either.

Like I say, what I want is just a job. I would like to find a job. That is it.

Thank you.

[The prepared statement follows:]

Miguel Caceres
Former Stewart Warner Employee

I worked for Stewart Warner for 15 years, from 1975 until 1990 when the plant closed and moved out of the city. Since then I have been through a GED class, an Body and Fender class, and now I have applied for Public Aid. I only want to find a job, but it has been very difficult.

The training program and the people that worked for the program were supposed to help me find a job, but so far they have not. It is very difficult not working, I want to take care of my family by working, but I have not been able to do that.

I have not found the training programs to be very helpful. If they would provide skills that employers are looking for I would be very interested in attending the classes. The programs have to make sure that they do this because people put a lot of faith in people if they say that they will help them. As I said before I just want to have a job to take care of myself and my family. There are so many people like myself looking for work. It is very difficult to keep your self esteem when you cannot work, and are dependent on people and programs that are out of your control.

I just want to stress that these programs must be more helpful in giving people useful skills so that they can find work. I had a very good job for 15 years, but the company left. If companies are going to leave they must sure that their workers have some compensation and that they are made to pay for training for their former employees.

Chairman ROSTENKOWSKI [presiding]. Mr. Mallard.

STATEMENT OF TOM MALLARD, FORMER GENERAL ASSISTANCE RECIPIENT, CHICAGO, ILL.

Mr. MALLARD. Thank you, Mr. Chairman and members of the committee.

My name is Thomas Mallard, and I was on general assistance, which was a program for anyone who needs work. It has helped me. But I know other people who it has helped who didn't have other skills to try to go on and do better for themselves.

That is the reason we need this type of program to continue. You got individuals who—a lot of people don't try to go out there and do this. People are afraid they don't have the skills or they just can't go and look for jobs. They can't fill the application out.

There is a need for this kind of program. I have got so many young people that we look at who dropped out of school, and not so much of that. You have got young people in their 30s and 40s who are in the same situation. That is why you see people out there pushing those burgers and picking up cans. They are not lazy. But we don't have any jobs.

Fortunately enough, I was director of a daycare center. I worked hard and did my best. I had people to come in and do jobs for child care, teachers aide, cook aides, janitors, but at the end there wasn't enough for them.

The Project Chance is a good program, but they need to put more money into this program, to educate people more on these details of what they want to be in. But if we can't do that and put more money into this program, we are going to continue to make the community people suffer.

You know, I work for an organization called PRIDE, and I work for a program that has gotten 90 percent women who are living in affordable housing. And my thing is to work with them on issues that people themselves can identify. And everything that comes up is jobs. Jobs. What can I do?

Job training is one thing we need to bring back to the community rather than—and I hear the question about the drugs. Sometimes I wonder if the Government is a part of the drug program, because we have got more drugs on the street that have been sold. Why not sell drugs when you don't have jobs? It is a way out. They have got to support their families. But I don't think the people realize that. Half of the guys out there selling drugs don't even take the drugs.

Chairman ROSTENKOWSKI. Mr. Mallard, in this pocket of poverty where you are suggesting there should be jobs, and I don't think anybody disagrees with you, where do the people get the money to buy the drugs?

Mr. MALLARD. When you get hooked on things, you find money. You steal, you rob, you spend your welfare checks.

And the thing I am saying, if the Governor knows that low-income people are affected by this, they are using Government money to buy these drugs. What I am saying, if they put the program here, and the money that can't escape from the community, they put it back, the State, why not set up educational programs or

some type of program where we can have benefits for these people's needs, rehab people and get them off the drugs they are taking?

I am out there every day in the community. I see it. I am afraid. I have been threatened, to try to stop this stuff, but it seems like it is a losing battle, because as soon as you get rid of it, it is back. But you talk about billions of dollars that are taken off the streets, and none of it comes back to the community.

As a community organizer, I see the need of the young women with this Project Chance program. Again, I see back in 1990—yes, I heard someone say the program went really well—but even though this program exists, and even though the people go through this training process, for the 8 weeks of training, it is still not doing anything for them, because if you have been living an abused life for a while, it is hard to jump off and get on the bandwagon. People give up. And that is going back to why they sell the drugs, because they feel there is no other way out.

And not even that. We are killing each other over it. And that is the worst thing we can do to try to build a community on, especially when you have young kids growing up who see this stuff on a daily basis.

I think all of you need to go through the communities, with some of these community organizations, and see for yourself what is taking place. Get up in the morning, trying to see these guys picking these beer cans up. I tried. I got tired. But they know they got to make ends meet.

So we cannot say it is the individual's fault. The Government can go and start a war, spend billions of dollars on one bomb, but when you look at it, when we look at the youth, what is out there for these young people who have to run this country? You look at these United States, they can cut so many programs.

I can remember as a kid, you would be excited to go to a job training co-op, where you go off 2 or 3 weeks, boot camp, you get job training. Not for 8 weeks, but for a 6-month training. They don't have that kind of program anymore.

So if we bring back these kinds of programs, I am not saying that kids should be put in reform schools or something like that, but we have got to do something with them. We have got too much land in the United States to say we can't build facilities. We need to bring back these programs and give the people—like the young lady was saying, yes, we want to work, but if you are on welfare and you have got to go—women have personal things they need to do. With the $60 they get besides food stamps, it takes away those things.

I spoke to someone in Washington to fight for the cause. She said, You all are not using your money right. She said, Why do you say that? You go out and buy the expensive meats. We said, Well, what are we supposed to eat? She said, Get canned foods and utilize your money that way. In other words, she is saying we can't go to the store and by a chicken or get a piece of ham or something to eat like you want to eat.

It shouldn't be that way. It should be set aside. If that is the case, then put it to where the people can benefit, use their money and put it on the side of the scale. If you are going to give a person

an ID card, find ways you can eliminate that, stop the people from selling their food stamps.

In the last 3 years, coming from being a school director and going into community work, I see no change. I see the same process we were in 2 or 3 years ago. I am quite sure you all see the same thing. I see the need for work, and I guess I am speaking in Chicago, West Side of Chicago, South Side, but I am talking about in all the major cities that have been affected by this.

Thank you. That is all I really have to say.

Chairman ROSTENKOWSKI. Thank you.

Mr. Williams.

STATEMENT OF WILLIE WILLIAMS, CITIZENS FOR PUTTING BLACK MEN BACK TO WORK, CHICAGO, ILL.

Mr. WILLIAMS Thank you.

Mr. Chairman, members, my name is Willie Williams. I am with Citizens for Putting Black Men Back to Work. I want to thank you for allowing me to speak here today.

As one of the previous gentlemen stated, I do not have written testimony, because I am not familiar with all the procedures that you have to go through. All of this is rather new to me.

But I am unemployed, per se. I have been on general assistance, and I have also been on unemployment compensation. And I am here today as a result of my being unemployed, which led to this organization called Citizens for Putting Black Men Back to Work. We got started in January 1988 when we found out there was more than 50 percent of black men in the city of Chicago out of work at that time. We felt that was a real serious problem, and it was definitely something that had to be addressed.

Since that time we see that a lot of our colleagues and civil organizations that are here testifying today have also come to realize this is a real problem we face. That in itself is commendable, because one of the first steps in solving the problem, is to realize that there is a problem. Now everyone realizes that we need jobs and jobs need to be created in the city of Chicago, especially in the black communities, that is a major step in solving this problem.

I think that what has really happened to us over the past 20 to 25 years is that there has been a slow destruction of the black family, a loss of over 100,000 jobs, and ineffective leadership, especially on the local level, and there have also been some misleadership on the national level, especially in the Presidential area.

We feel that there is a great need in our community to help low-income fathers become more involved with their children. And the bottom line is financial resources. Specifically our concerns are for the black man. If you expect fathers, the black father or any type of father at all or any man at all, to take on the burden of a family, then he has to have the financial resources and capability to do that. If he doesn't, then he is not going to take that step.

Now a lot of people are going around saying that the civil rights bill, affirmative action, and intergration did not work, again I say that it was because of ineffective leadership in the black community. Most of those programs, like CEDA, and the Veteran Job Partnership Training Act were good programs and possibly could have

worked. To me, what really happened was on the local level, the people in charge of those programs didn't really see that they were carried out properly and the slots that were available were not filled, along with too short of a time period for training.

I think if we really go back and take a look at some of these programs and decide to reenact them, we should make sure the funds that were provided go to someone else. I don't know exactly, but from what I have heard, it was supposed to have been over $60 billion spent over the past 25 or 30 years on the problem we are here discussing. That $60 billion was paid out. I want to know, where did it go, myself.

I say, if you are here to create new funding for training programs and jobs in the black community, then we must think about who received that money before and where it went. I don't think these same type of people need to put these programs in effect, because it is obvious that what they did, did not work.

So this is all part of an examination of ourselves and doing something for ourselves in our community. I think the jobs need to be focused, particularly in the black community. I think we need to create businesses there. And I think for the most part it needs to be done by us.

Now, as far as a solution, I think there are a lot of Government programs and funding that could be used in order to help train some of these people and get them back into the job market. I recently heard of a $251 billion highway bill that was just recently passed. Stuff like that can really go a long way toward alleviating some of the problem.

You have $251 billion across the country, construction projects, going on. There are a lot of young black men, a lot of men that don't have the skills and training, that could possibly get some training and skills out of this, if you are willing to ensure that public works funds are used for that purpose.

Now, as a not-for-profit organization ourselves, there are ways we can create jobs in the community by actually taking—I think someone mentioned here about interns coming in and training them through the organization so they can learn a different technical skill; they can help. Those are different types of things we can do.

Our organization is specifically set up to help rebuild and revitalize the black community through the creation of jobs by going out and taking perhaps some of these old buildings that have been sitting out there for years, factories that have been sitting out there no longer being used. We feel if we can get ahold of some of these places and take them and rehabilitate them, train people in the process, and once they are rehabilitated, to take and use these people to also train, provide a major service for the community, train some people in the upper management level, and to guide our people into really going into business for themselves from now on, because I think the bottom line is that we have had ineffective leadership, and that a lot of problems we find ourselves in today can be corrected and were caused by ourselves.

So I think that we focus more on ourselves as a people. And it is no doubt we need Government help, we need your help, because you pass the laws and everything in order to make things get done,

but I think what we need most is to make sure that we as a people focus upon our problems. And I think if we do that and concentrate on creating jobs in our community and making sure that people get skills out of those job-training projects, I think we will be all right.

Chairman ROSTENKOWSKI. Thank you, Mr. Williams.

Acting Chairman DOWNEY. Thank you, Mr. Chairman.

I think that we have heard from this panel some very interesting ideas, especially about the need for job creation and self-help, as Mr. Williams said. And I think we should be able to reflect that when we rewrite this legislation, we should try to provide some help to the city of Chicago.

Thank you, Mr. Chairman.

Mr. MCDERMOTT. I just want to say to Ms. Pamplin, I think you make the best points around the issue of what people need to go out and get work. If you are going to be serious about people going out and getting work, there has to be child care and there has to be health care. You can't expect people to leave their kids unattended or in situation where they are in danger. And you can't expect people who care for their kids to not want health care for their kids.

So the incentives are set up to want to stay in the system. We understand that. Part of what we are trying to do is design a program that will let people carry on with their lives. Your idea of taking the green card—I guess that must be what the Illinois State DPA has, I don't know what the one in Washington State is like—but the idea of taking the DPA card is a good one.

We are actually working right now in another subcommittee, of the Ways and Means Committee, on putting out a national health plan to give people Medicaid to keep that going. You have got good suggestions. We appreciate it.

Thank all of you.

Chairman ROSTENKOWSKI. I am quite proud of all the testimony that the citizens of this community rendered. I think that the problems that are certainly in existence in Chicago reflect the problems of every urban area. There is certainly frustration when you know that you have got the commitment, the willingness to do something, but you are deterred from doing it because you are in a mine field, as was well put here by several of the panelists.

I think that Government should serve the people. And I think that the people who are involved, not the general practitioners but the recipients of the pain and the suffering, are the ones that should communicate with us more.

I just want to congratulate you and thank you for giving us your views of what you have encountered, what you have suffered with. We have got to start focusing on the youth in our communities as well.

If we lose our youth, this country, is not going to be viewed as the important Nation that we are. And so, you know, we are investing today two decades into the future. If we don't recognize where our problems are and what we are going to do about them, this country is not going to be the power that we assume that it is.

So on behalf of my colleagues, Members of the Congress of the United States, I want to thank you all for coming here this morn-

ing and giving us an idea of how you think your Government should function in order to better serve you.

Thank you very much.

The committee stands adjourned.

[Whereupon, at 12:55 p.m., the hearing was adjourned.]

[Submissions for the record follow:]

STATEMENT OF ROBERT K. HASSIN, PRESIDENT AND CHIEF EXECUTIVE OFFICER, BOYS & GIRLS CLUBS OF CHICAGO

Mr. Chairman, and members of the Committee, thank you for allowing me to present written comments on jobs for young people and adults.

Transforming obstacles into opportunities for Chicago's youth to grow into responsible citizens is and has been the mission of the Boys & Girls Clubs of Chicago. For almost 100 years, the Boys & Girls Clubs of Chicago has provided not only a safe place for children and teens, but a staff that teaches by example and a program that responds to the basic needs of youth while addressing specific issues in each neighborhood. The Boys & Girls Clubs of Chicago displays its commitment to Chicago's children and its future through our locations and our involvement in poorer neighborhoods, our programs, our staff and an organizational structure that thrives upon local community input.

The Boys & Girls Clubs of Chicago has 14 Clubs strategically located in some of the city's poorest neighborhoods, neighborhoods whose demographics show problems greater than the city's average. For example, while 24% of Chicago families with children are single-parent households, that figure rises to almost 60% in most club areas. The public high school drop out rate is more than 70% in the clubs's service areas compared to 50% in the rest of Chicago. A third of the clubs are located in Chicago Housing Authority (CHA) buildings and several are in heavily populated Hispanic neighborhoods.

In neighborhoods where most people struggle for subsistence and teens are not expected to finish school, the Boys & Girls Clubs of Chicago has a retention rate of about 70-80% of their members. Over 21,000 young people participate in club programs annually; approximately 16,000 are active members, 5,000 are occasional, drop-in visitors. And, while the staff does actively recruit members, the majority of young people come to the clubs because of peer recommendations. Many members have siblings who were members. Amazingly, about one third of the staff were members themselves and, typically, they reflect a product of the community in which they work.

Often times the only youth serving agency in a neighborhood, the Boys & Girls Clubs of Chicago becomes a focal point for the community. Each of the 14 clubs is responsible for conducting community assessments, responding to the identified needs and networking with other organizations. This community involvement begins with each clubs' board of managers which is composed of community residents and business owners as well as members' parents. While every club provides a basic core curriculum, programs may differ. Some examples of neighborhood specific programs operated by the clubs are the Head Start Preschool program, after school day care, General Equivalency Diploma program and English as a Second Language. On both the corporate (executive office) and club level, efforts are devoted to networking with organizations, establishing inter-agency referral systems and utilizing already established services.

Because of the Boys & Girls Clubs of Chicago, many of Chicago's poorest children have a chance to succeed. Membership in the Boys & Girls Clubs of Chicago has helped prepare disadvantaged youth to be productive, contributing members of society, who in spite of the odds, display great promise the future — Chicago's future. In fact an independent survey conducted by Louis Harris for Boys Clubs of America reported that nine out of ten alumni believed that their membership had been important to their personal success in later life.

As you can see, the Boys & Girls Clubs of Chicago is well positioned to initiate and lead renewed community investment in the future of Chicago's youth. As a result, the Boys & Girls Clubs of Chicago would like to share some of its efforts to enhance the ability of unemployed young people to find and retain jobs.

Economic Development Through Job Readiness Services

As demonstrated in recent years, the availability of quick money from the sale of drugs, coupled with increasing unemployment, has discouraged many poorer teenagers from seeking entry level jobs.

According to the U.S. Department of Labor, Bureau of Labor Statistics, African-American teens (16-19 years of age) experienced triple the unemployment rate than that of White teens in Chicago. For Hispanic teens, the unemployment rate was only slightly higher.

There is a direct correlation between the level of educational attainment and the rate of unemployment, i.e., the lower the level of education, the higher the rate of unemployment. It must be noted that regardless of the level of education, African Americans and Hispanics experienced a greater unemployment rate than Whites at the same academic level.

A disproportionate number of minority youths who do have jobs are "under-employed." They have jobs below their skill levels or are locked into low paying, dead end jobs.

Programming in the area of career development has emerged as a popular means for retaining and providing timely services to the Boys & Girls Clubs of Chicago's older teen membership. Clearly, it provides them with the opportunity to take on new responsibilities, and leads a path for personal success in the adult world.

A popular and highly successful program among club members, the Job Search Club Program has emerged as one of the Boys & Girls Clubs of Chicago's most promising career development services. Initially developed by the Boys Clubs of America, the Job Search Club Program is a comprehensive youth employment initiative designed to provide basic employability skills to young people, and, thus, assure each club member a more productive future. Adapted by over 100 Boys & Girls Clubs across the country, the program is specifically designed to:

- Encourage teenagers to finish high school,
- Stimulate exposure to, and investigation of, potential careers,
- Teach basic world of work understanding,
- Develop interpersonal communication skills needed to become employed and learn how to learn how to "market oneself" in finding a first job experience.

Generally, disadvantaged young people do not possess the skills necessary to seek, obtain, and hold a job. A Job Search Club, therefore, helps teenagers develop effective strategies to find work, organize their efforts, and carry out a job hunt with efficiency and conviction. Through a Job Search Club, teens increase self-reliance, improve interpersonal skills, and avert being screened out of the hiring process in the early stages. Moreover, the Job Search Club is a self-directed effort which compliments the Boys & Girls Clubs of Chicago's overall philosophy of helping youth to become self-sufficient adults. As a result of the program's unique emphasis on how to find one's own job, a lifetime skill is gained, one which may be used to obtain subsequent jobs without assistance.

The standard eight-week program includes three hours of job search training per week, one field trip to a potential placement center, and ongoing individual counseling for all youth participants. Topics covered during the Job Search training, include: Self Assessment, Job Applications, Resumes, Interview Preparation, Work Attitudes and Behaviors, Coping with One-the-Job Problems, and Job Hunting Skills.

A Youth Employment Coordinator works independently throughout each session to network with area businesses for youth employment opportunities. Potential employers are contacted regarding the program and the availability of youth for after-school/summer employment. To encourage individual responsibility, each youth participant is responsible for telephone follow-up and scheduling of personal interviews.

Funded by local donors, the program has continued to operate over the last two years as a pilot program in various clubs of the Boys & Girls Clubs of Chicago. Evaluation results, to date, suggest 85 percent of those youth who enroll in the program actually complete the training course and approximately 90 percent of those graduates obtain gainful employment. Based on these early results, the Boys & Girls Clubs of Chicago is committed to replicating the Job Search Club Program throughout the organization's entire club network. Specifically, the Boys & Girls Clubs of Chicago anticipates the establishment of a full-time staff position to oversee the implementation and evaluation of the program on a year-round, annual basis. Potentially, the program could be made available to a service population of nearly 2,000 youth per year.

Annually, the Boys & Girls Clubs of Chicago works in cooperation with the Mayor's Summer Youth Employment Program to provide job opportunities to 300 inner-city youth during the summer months. Through reimbursements made by the City, the Boys & Girls Clubs of Chicago has primary responsibility for securing and monitoring each participant's work experience. As the administrative watch-dog for the program, the Boys & Girls Clubs of Chicago seeks to provide more job training services to each youth participant. Boys & Girls Clubs of Chicago envisions program collaboration with the computer education center and the Job Search Club Program. Through such networking, the Boys & Girls Clubs of Chicago believes it will be better positioned to offer these young people a more comprehensive and long-term job placement and training service.

The young people commonly served by the Boys & Girls Clubs of Chicago tend to grow up without the opportunity, the skills, or the vision to take creative risks and become entrepreneurs. They are too often limited by their own expectations and their environment and, all too frequently, are unprepared to take advantage of the opportunities that exist in the work world.

Therefore, in terms of new model program development, Boys & Girls Clubs of Chicago has identified a youth entrepreneurs program, entitled Project F.R.E.E. (Finding Results by Encouraging Enterprise), for potential replication throughout the entire club network. Currently operating as a pilot program in

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the Dr. Martin Luther King, Jr. Boys & Girls Club, Project F R E E is designed to introduce teenage club members to the employment option of creating one's own job, and to help members gain a valuable small business experience in the real world of the American economic system. Each young entrepreneur involved in the program gains hands-on, real life experience in one or more facets of starting and operating a small business for profit, including experience in marketing, sales, record-keeping, bookkeeping, planning, management and administration. As an exciting new feature of Boys & Girls Clubs of Chicago's continuing emphasis on youth employment training programs, Project F R E E will be an important addition to local club programming efforts.

The Boys & Girls Clubs of Chicago strongly feels that all of our efforts must be directed towards developing human capital, providing people with opportunities and resources that allow them to become independent and self-sufficient citizens, and not programs structured as one-time handouts that do nothing to improve the situation over the long term. For example, youth summer programs should be designed to offer substantial work experience in order to help young people learn skills that can be transferred to private sector employment -- ranging from basic academic skills to job related training. With respect to older individuals who are out of school, job training and placement programs should not be bound to a six or eight-week program, but instead should include a minimum of 20 weeks of comprehensive job training, housing assistance and support service and an additional minimum of 13 weeks of follow-up services after clients are placed in jobs.

JOINT STATEMENT: HOW CONGRESS CAN IMPROVE AND EXPAND THE JOBS PROGRAM FOR WELFARE RECIPIENTS

The Job Opportunities and Basic Skills Program ("JOBS") gives many families on welfare hope for a better future. The program provides education, job training and employment services needed by families to escape poverty. Society benefits, too, from having welfare recipients making strides to end their dependence on the welfare system and from the cost savings that result when that dependence ends. We are, however, doing much less than we could. As a result of state budget constraints, the lack of adequate support on the federal level, and a poorly conceived federal regulation, only one of nine current welfare recipients are able to participate in the JOBS program. The undersigned organizations request that the Ways and Means Committee initiate Congressional action to expand and improve the JOBS program by:

--Freeing up Allocated Federal Funds.

Due to state budget constraints, Illinois has been unable to draw down $30 million in federal funds that have been allocated to the JOBS program in Illinois. Congress should find a way to free up these funds, either by suspending or reducing the matching requirement or by taking some other action to free up these funds.

--Eliminating the 20 Hour Rule

The Health and Human Services' 20 hour rule wastes scarce resources, is biased against education programs, sets up too many people to fail, and hampers state flexibility. Congress did not intend these program results when it enacted JOBS and it should take action to eliminate the 20 hour rule.

--Increasing Federal Commitment

A substantial increase in Federal funds for the JOBS program could improve the quality of programs offered to current participants and expand the number of welfare recipients served. Congress should spend a portion of the Peace Dividend on increasing hope and opportunity for its lowest income members.

Chicago Coalition for the Homeless
Chicago Commons Association
Day Care Action Council
Fifth City Reformulation Corp., Inc.
Illinois Caucus on Teen Pregnancy
League of Women Voters
Operation Push
Project Match
Public Welfare Coalition
South Austin Coalition
Voices for Illinois Children
Westside Survival Initiative
Women for Economic Security

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CHICAGO COALITION FOR THE HOMELESS

JOBS COMMITTEE

"From Welfare to Work! Practical and Realistic Approaches to Creating Work Incentives for AFDC Recipients."

A prepared statement, for the House Ways and Means Committee Field Hearings of May 29, 1992, in Chicago, IL, by the Jobs Committee of the Chicago Coalition for the Homeless (CCH), with material input by various community groups, including:

Justine Church, Committee Coordinator and Chairperson, CCH
Greg Turner, Programs Coordinator, THE INNER VOICE
Tim Dolan, Coordinator, PROLOGUE ADULT EDUCATION PROJECT
Doyle Cater, Organizer, MIDWEST CENTER FOR LABOR RESEARCH

General Statement:

Public Aid, and the Aid to Families of Independent Children is a necessary element in a society where children are clearly at risk of sufferring from difficulties resulting from inadequate career preparation by their parents. However, amelioration of these effects will require a tenacious and well coordinated series of policies that will in fact provide a favorable setting for graduation from comfortable public aid to comfortable and confident human resource with a skill set providing for a lifestyle whose after tax value is equal to or greater than that bundle of rights received from the public subsidy.

Conditions Supporting Continuation on Public Aid or
Major Barriers to Exodus from Public Aid

1. Inadequate Training therefore Marginal Employment Opportunities

Generally, many AFDC recipients continue on the program because working a menial job at the $5.00-7.00 per hour level is fraught with risks which virtually guarantee that person a loss of real or percieved benefits.

First, the job opportunities in the $5-7 range are the first to be eliminated as a result of automation, and also are the easiest for companies to fill because of the abundant supply of low skilled Black and Hispanic labor.

The fear of change in these conditions of employment expose the

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former AFDC recipient to degradation and emasculation in the workplace in addition to exposing them to others that readily recognize their lack of education and marketable skills.

Solutions:

a. Training in High Demand/High Wage Fields

Generally, the only way to provide for removal, and continuation of a life without AFDC, would be to train persons for positions and careers that offer wage levels in the $10-15 per hour range. These positions would probably include fields in the medical profession like Licensed Vocational Nurses, X-Ray Technicians, Occupational and Rehabilitation Therapists, and/or Medi-Cal, Medi caid Billing Specialists, or in the areas of data processing.

Data Processing fields, in addition to Nursing and Medical professions would require upwards of 2-3 years of training, and therefore some questions exist as to the level of educational investment that the federal government is willing to make in these persons, and what the result will be if they fail to meet the requirements of employment and/or licensure for these fields.

b. Industrial Policy Geared to Retention of Manufacturing

The only other option to removal of the likelihood of truly marginal employment would be a commitment of the U.S. to retain manufacturing jobs, and the strength of labor unions. One of the reasons for this, is that manufacturing jobs typically pay in the $9-12 per hour range, and would clearly be favorable (from an income standpoint) to one job paying in the $5-7 range.

c. Use of Workers in Construction Targeted toward Infrastructure Programs

The WPA program, in former years, was a major catalyst to giving long-term unemployed an opportunity to get back to work during the height of the Depression. During that period, railroads, bridges, roads that were the forunners of the present national highway system, and many other construction projects designed to benefit the public at large were created and completed.

As a result of the road systems and bridges that were completed under WPA, the U.S. enjoyed an economic boom, and growth in the domestic economy. The standard of living for many Americans improved dramatically because of the ability of producers to distribute materials between multiple locations in reasonably short periods of time. Because these projects, took place nearly 60 years ago, infrastructural problems, like the Chicago Flood have taken place. Additionally, the exodus of many manufacturers from Chicago has occurred because viaducts in many part of the city are too low to facilitate the newer 47 foot trailers that have become standard for the trucking industry.

We would propose that those suffering from long term unemployment be the first considered for construction industry training for bridge, road, and railroad projects in addition to other infrastructural rehabilitation programs. Their priority should be based:

(1) on the fact that the construction trades have long practiced discrimination against minorities, and in recent years, used the term "women" to dilute the effects of benefitting Black, Hispanic and and other minority females,

(2) that affirmative action programs have borne the brunt of the assault by the federal government during the past twelve years, and as a result have greatly diminished the opportunities for the poor and disenfranchised to remain engaged in burgeoning opportunities in the construction industry,

(3) that the construction industry represents one of the industries that allows for the long term unemployed to gain skills that can be used to "add considerable market value" to raw materials, and therefore gain access to above average wages and the industry and be engaged in meaningful work, and

(4) that this industry represents an exceptional opportunity for former AFDC recipients to remain employed by actively working in the conventional business sector, or in minority communities as small business operators as a result of their having tools and/or having adequate knowledge of the use of tools of the trade to provide in exchange for work.

We further feel that apprenticeships and/or opportunities for full journeyman scale compensation be made available to this group on a "first right of refusal" basis. Further, that formal training in the work of the trade be augmented by basic training in the areas of inspection, project management, financing, estimating, and information on future opportunities in the trades.

We further recommend that assistance in this program be provided through coordination of child care services, retention of insurance and other benefits through a period in which training has been completed and 1,000-2,000 hours of actual "hands on" work experience and/or industry-based training has been achieved.

2. Child Care Costs

Market rates for child care, are generally segmented into two levels: level one is the rate for care for newborns in the 2 months to 18 month category, and the other is the range of 18 months to 60 months of age.

Newborn rates are inordinately high because providers can only handle a modest number of children, and therefore charge higher

rates on a per child basis.

Level two child care rates are in the $60 per week cost category, and therefore result in $120 weekly, for the person with two children. With labor rates of $7.00 hourly, or $280 weekly, and take home compensation of $235.00 weekly, the net benefit to the parent is around $115 weekly, and this is quickly offset by direct to work transportation costs, incremental transportation costs and time for getting to the child care service provider, and then the costs for personal hygiene and grooming.

Solution:

a. Child Care Subsidy of 50% Market Cost --One Year

The solution to eliminating this impediment to a return to employment is a full or partial child care subsidy of perhaps 50% of market rate child care services. In this situation, $60 in total weekly child care costs, provides for a $175 weekly net, which is clearly sufficient to provide the mother of two with enough additional discretionary income to support the decision to return to work.

3. Child Care Service Availability

The shortage of reputable and certified child care services providers is another impediment to the willingness of the AFDC mother of two to return to work. In many cases, the shortage of supply in this market may be due to barriers to entry in areas of licensure, required equipment, inspections of the facility before being able to handle children, and background checking to make sure there is no pattern of child molestation or emotional instability.

In many cases, subsidized child care programs, have waiting lists of 2-3 months, if there are any slots available at all. The result is that the parent has few options for getting into a program providing subsidized care. Obviously, increased funding for HEAD START type programs would be a great start in this area, including a willingness to include a Nurse or Nurse Practitioner to oversee those children with medical problems.

Solutions:

a. Increased Child Care Services Supply

Elderly Females -Social Security Recipients

The major solution to removing this impediment is by establishing new groups of prospective child care providers. An excellent source of providers would be the elderly female population, whose prior experience in child care of their own young, would give them the necessary experience to qualify generally to provide the services.

Collegiate Females - Campus Based

Because this segment of employment is not high skilled, still further expansion of the market could be handled by implementing training for it in colleges, and then organizing groups of college students to actually perform the services on campus.

b. Target Social Security Recipients as Providers

Positive Feature: Experienced

Secondly, the stability of the elderly group would be a major strength in utilizing them in this capacity. One of the disbenefits of this segment of the population might be the limited energy level to deal with an array of young people, however, with 2-3, at $60 per week, the $120-180 weekly income, ($60-$90in cash) and the balance in voucher income later, could go a long way toward offsetting increased social security deductables for the older person.

Negative Feature: Lower Energy Levels

Unfortunately, the social security recipient would be less than enthusiastic about the provision of services, if the situation would create an undue amount of reporting, or imperil their own benefits. Therefore, this income should be reported, but not taxed, provided that the provider was eligible for, and receiving Social Security benefits in any form.

3. Phasing Out the Subsidy

We would also recommend extending the services to the mother returning to work for one year at 50% of cost subsidy, then reduce that to 25% subsidy after the first year, and then phase out full subsidy by the end of the second year. This would be after the person has earned enough job time to have increased their income through an evaluation, and had enough experience to have an array of employment options from temporary agencies to other firms in the same, similar or related fields.

4. Retention of Health Care Benefits

With the explosion of companies offering fewer fully funded health care services, the danger of no health care represents a major threat to the ability to meet emergency and planned medical needs of their small children.

The proliferation of health care costs have provided families with either no benefits or an option of paying their own benefits, often at costs in excess of $300 per month. Therefore, the former AFDC recipient sees one of the largest costs to surface, in addition to

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child care, as an out-of-pocket expense, on a low and very limited wage. The prospects of bearing $75 weekly in medical costs, and $120 weekly in unsubsidized child care costs absorbs a full $195 weekly of the hypothetical $280 weekly paycheck, which is around $235-$260 after taxes. The difference of $40 weekly or $65, is not nearly enough to break the cycle of poverty.

Solution:

a. Continuation of Benefits

Continuation of medical benefits for one full year after departure from AFDC is more than likely not going to result in the dimunition of costs for the former AFDC recipient. However, the ability to acquire a fairly reasonably priced HMO may be realistic. We would anticipate that this would be a viable first option.

The dilemna represents whether we should continue the long term provision of benefits, and eventually convert this segment of society to a national health care format, which we are generally in favor of, or simply eliminate this benefit after one full year, which will probably mean that the ability to woo women away from AFDC would be greatly diminshed.

Conversion or continuation of health care benefits would be an excellent way to begin adminstration of a national health care program as processing routines would then be in place, and increasing the staff to begin absorption of other segments of society greatly eased.

b. Subsidized Employer Health Care Coverage (Max deductible $50)

The other option would be for the employer to be able to gain a favorable deduction for payment of these services. In this scenario, the employer could perhaps write off 125% of his pay to the former AFDC recipient.

STATE OF ILLINOIS
DEPARTMENT OF PUBLIC AID
Phil Bradley, Director

TESTIMONY ON THE FAMILY SUPPORT ACT
MAY 29, 1992

Good Morning. My name is Joseph Antolin and I am Deputy Director of the Illinois Department of Public Aid. I am here representing Director Phil Bradley, who was unable to attend due to other commitments. We appreciate the opportunity to talk with you today about our experience with employment and training programs for AFDC clients and to offer our comments and suggestions on the Family Support Act and its regulations in order to make it work better for the people of Illinois.

I would like to start by saying we strongly support the concept of a block grant to states for federal JOBS funds the states have been unable to access. This would be an assertive response to the national recession which has battered the budget of the states and caused the AFDC rolls to swell to record levels. The block grant should be used for training, child care, transportation or other services needed to prepare clients to enter or re-enter the changing workforce.

Illinois has a history which spans more than 20 years with employment and training programs for participants in families on federal AFDC. Prior to the implementation of the Jobs Opportunity and Basic Skills (JOBS) program, we operated the Work Incentive program (WIN) and the WIN Demonstration program In 1986, the Department announced and implemented the Project Chance program which was to be the umbrella employment and training program for welfare clients.

During the years between January 1986 and April 1990 when the JOBS program was implemented in Illinois, the Project Chance program tried to serve too many clients with too few resources. More than 50% of the individuals in the program were in job search. There were criticisms from clients, advocates and the legislature for mandating recipients to search for jobs even though they did not have the education or skills to obtain or retain employment. In addition the program was faulted for providing few supports for the hard to serve. There was no effort to reach the hard to serve and there was no emphasis on intensive program components.

With the passage of the Family Support Act, Congress mandated that states restructure their employment and training programs to provide education and training services and support for the hard to serve. In Illinois we welcomed the opportunity to design an employment and training program for AFDC clients that could provide long term intervention that would lead families not only off of welfare but also out of poverty. We agree that limited resources should be targeted to the long term welfare recipient and to young parents.

When Illinois implemented the JOBS program in April 1990, with the input of advocate groups and other state and local agencies, we designed a volunteer first program that would target resources to young parents and long term Public Aid clients. Adult basic education was required for clients without a high school education and long term education and training were emphasized. By December 1990, there were 18,029 clients in the program. There were 4,401 in adult education and 7,430 in other education programs. Only 993 were in job search. Services were being targeted to young parents and long term welfare clients. Intensive programs of at least 20 hours per week were being designed. Child care and other supportive services were being provided.

However, although Illinois had a long history in operation of employment and training programs, the Department had never operated an intensive education and training program for the hard to serve. We did not fully anticipate the increased cost to the state for the supportive services for these clients. While in the calendar year prior to the implementation of JOBS, we had been able to serve approximately 36,500 individuals per month with supportive service dollars of $1,243,000 per month. In December 1990, we found that we were serving 18,029 individuals per month at an approximate cost of $1,530,000 per month. We were serving half the clients at a greater expense. Clearly we were not prepared for the increased cost of guaranteeing supportive services to hard to serve clients in intensive education and training programs.

Although advocate groups and clients were supportive of the new program, because of the supportive service costs, in January 1991, we were forced to implement several cost containment measures and to close entry into the program until we received our appropriation in July 1991. Beginning in July 1991, we implemented a slot management model that allows us to monitor our spending.

The slot management model has allowed us to manage the cost of our program by limiting the number of individuals we can serve. While there are currently 228,620 AFDC adults in Illinois, we are able to serve an average of 21,787 per month with our current funding. In order to ensure balance in our program by serving clients who are ready to go to work and to meet the federal participation rate while living within our appropriation, we redesigned our program to increase the number of individuals who are in job search. As one would expect, individuals in job search generally use less transportation and child care than clients in full time education or training programs. Currently, 4,784 or 22% of our participants are in job search or job readiness, and 12,442 are in some type of education program. The remainder are in orientation, initial assessment or work experience.

Our ability to serve AFDC clients in education and training programs is limited by the availability of state funding to qualify for the federal match. As in most other states in the nation, the cost of Medicaid in Illinois has engulfed the budget process in the need for resources. More than two thirds of the Department's budget is for medical costs. This is to support one out of every nine citizens in Illinois who qualify for Medicaid and to pay for one out of every three births. One out of every two children in Chicago is on Medicaid, and sixty percent of the nursing home residents in the state are Medicaid eligible. Federal Medicaid requirements and declining state revenues, due to the recessionary economy and high unemployment, have prohibited Illinois from allocating its share of the funds to obtain our JOBS allocation.

In Illinois, during the period of the JOBS program, we have had the following expenditures and drawn in the following federal match:

JOBS (AFDC) EXPENDITURES

QUARTER ENDING	TOTAL EXPENDITURES	FEDERAL SHARE	NET STATE
6/90	$3,265,168	$2,373,388	$891,780
9/90	$7,901,915	$4,722,189	$3,179,726
12/90	$7,821,194	$5,048,706	$2,772,488
3/91	$6,931,004	$4,578,412	$2,352,592
6/91	$5,332,207	$3,532,359	$1,799,848
9/91	$8,830,816	$5,125,074	$3,705,742
12/91	$5,812,136	$3,771,774	$2,040,362
TOTAL	$45,894,440	$29,151,902	$16,742,538

By the end of June 1992, Illinois will have left untouched more than $88M in federal funds because of our state's inability to allocate enough state dollars for the JOBS program. It is anticipated based on our FY'92 funding that we will obtain about $20M of our federal allocation for JOBS. With this budget, we are able to serve approximately 21,000 individuals per month. If we were able to obtain the untouched federal funds, we could serve 22,000 additional individuals per month. These federal dollars could provide increased funding for child care and education. In the long term, these dollars could substantially improve the lives of poor children and families in this state. We do not want to continue losing this opportunity.

Thus, Illinois supports the issuance of the federal funds for the JOBS program as a grant to the states. The grant should allow the states enough flexibility to develop programs that provide education, training, and employment for adults, but also provide preventive services for teens, supportive services like child care, and services that prevent welfare dependency.

The issuance of grants to the states should not place additional federal restrictions or requirements on the states. For example, while SB 2303 provides for full federal funding for the JOBS program, it places requirements on the states to serve all non-exempt AFDC clients and increases participation rates. States would be at risk of losing 50% of the match if they were not able to meet the participation requirements. This type of legislation would reduce the quality of the programs that have been designed and make it difficult for administrators to sell the program to their legislators for funding.

In addition to increasing federal funding for the JOBS program, there are other legislative and regulatory changes that should be made or required by Congress to improve the opportunities for AFDC clients to become self-sufficient. I would like to comment on several of these.

Prevention Initiatives

The JOBS regulations provide for services to adults receiving AFDC. While there is mention in the regulations of assessing the "needs of any child of the individual", the participant in the program is the adult or young parent. The federal regulations inexplicably do not encourage, and in fact, seem to prohibit prevention initiatives for teens in AFDC families. By working only with the adult caretaker, the JOBS program is missing a critical opportunity to intervene with the soon to be adult children of the AFDC clients to provide supports and to reduce the possibility of inter-generational welfare dependency.

Illinois with state funds has operated initiatives for teens that have been recognized as being successful interventions. Two such programs are Project Pride and Project Prepare.

Project Pride, a nationally recognized and award winning demonstration program, was operated in a Joliet, Illinois high school for several years. The program helped young women from families receiving AFDC to become economically self-sufficient. It did so by preventing, rather than reacting to, teen pregnancy. The two main goals of Project Pride were to teach young women the skills they needed to get and keep jobs and to provide services to help them prevent early pregnancy. Project Pride served 179 participants with 1,134 tutoring sessions and 40 mentors. In one semester, the young women participating improved or maintained their overall grades, passed more classes and received higher grades. Before the program ended, due to the unavailability of federal match, 107 entered full time employment.

Project Prepare is designed to help at risk youth break the cycle of dependency and achieve self-sufficiency by staying in school and obtaining marketable skills. The program provides a variety of services including counseling, crisis intervention, vocational training, tutoring, literacy and job readiness to approximately 5,500 youth between the ages of 16-21 who are at risk of school dropout. The program is located in three Chicago high schools and links Youth Guidance (a private, not-for-profit organization), the Chicago Public School system and major corporations in a program to provide students with needed services, life skills, academic and vocational training, work experience and employment. The students in the program are expected to advance academically, graduate from high school, obtain employment, and enroll in advanced training or college in greater numbers than they would have without this intervention. This is widely considered among the most successful programs to provide such intervention. It too, however, is at risk of losing IDPA funding due to the unavailability of federal match.

If we are to succeed in this effort, JOBS regulations must be revised to allow states to fund successful programs such as Project Pride and Project Prepare, and to consider teens participating in these programs as JOBS clients. This would help states meet participation requirements and would at the same time provide prevention of future welfare dependency.

In addition, there are affirmative regulatory requirements that create barriers to designing programs that best meet the needs of Public Aid clients. I would like to mention these.

20 Hour Participation Requirement

While we agree that states should be held accountable for performance, the current 20 hour participation rate forces the development of employability plans to meet the 20 hour rule rather than to meet the unique needs of the individual participant. An intensive 20 hour per week program can provide structure and intense training needed by some clients, however, it is not necessarily the best program for a client just entering the program with a young child or other problems.

Specifically, the participation rate calculation methodology causes states to focus on such non-productive issues as the need to make sure program offerings begin on a certain day of the month, or a certain day of the week, in order to avoid losing hours of participation. For example, an individual who begins participation in a 20 hour weekly program during the second week of the month will not be counted as participating 20 hours weekly for monthly reporting purposes. Participation is calculated by taking three weeks of participation in the month and dividing by four weeks, resulting in only 15 hours of weekly participation instead of 20.

The arbitrary 20 hour per week benchmark discourages states from encouraging participants to enroll in established post-secondary education programs, because many of these programs do not have structured activities 20 hours per week that begin on the first of the month. This is an unfortunate departure from the purposes of the Family Support Act, because education will often lead individuals to escape long-term welfare dependence.

The continuation of the 20 hour rule as presently promulgated is ill-advised for several reasons:

1) It impairs the ability of JOBS workers to take into account the participant's physical capacity, skills, experience, health and safety, and family responsibilities in making their Project Chance assignment, as required by the Family Support Act, 42 U.S.C. 684(a). As has been demonstrated by the extensive research findings of Project Match, a unique Illinois employment and training program serving clients in Cabrini Green public housing, for many individuals, 20 hours is neither a desirable or practical level of participation, particularly at the beginning of their participation.

2) Many component activities are not generally available for 20 hours or more per week. In particular, literacy and other below post-secondary education activities are normally offered on a less than 20 hour per week basis. This, in large part, reflects the judgment of providers of these services that individuals do not benefit from such an intensive level of participation.

3) Not even full time enrollment in post-secondary education, which is 12 hours of class weekly, qualifies as participation due to insufficient hours. This is because unsupervised study hours cannot be counted.

4) Requiring all participants to have 20 hours of participation will waste scarce supportive services resources on participants who must add "fillers" to their basic less-than-20-hours-per-week adult education or job training programs.

Rather than the strict 20 hour per week participation rule, the regulation should consider individuals participating if they are attending and making satisfactory progress in an education or training program in accordance with their employability plan. The 20 hour rule could and should remain as a goal where it is appropriate to the individual's needs.

This change would allow states to serve more individuals in programs that are better designed to meet client needs rather than to meet a federal requirement.

AFDC-U Work Experience Component

The state will be required by Federal statute, to operate an Unemployed Parent Work Experience component beginning in FFY '94. The law requires that 40% of the principal wage earners in AFDC-U cases participate at least 16 hours per week in this program. This level of participation is required to ensure receipt of the enhanced Federal match.

The Department has the following concerns:

- The mandate of 75% participation for the AFDC-U population by FY '97 would use more than half of our current available resources. To continue to provide basic education opportunities for all other clients at the same time would require state resources which may not be available.

- The redirection of resources, away from the other target groups especially young parents, would change the focus of JOBS from assisting clients working toward self-sufficiency to filling work experience assignments.

- The Work Experience requirement for the AFDC-U population would create a two-tiered approach to component activity. The AFDC-U clients would not have the same choice of activities as other clients regardless of the clients' individualized education or re-training needs to effectively re-enter the work force.

We recommend that the requirement be eliminated and that AFDC-U clients be required to participate in appropriate JOBS activities leading to self-sufficiency.

AFDC Program's Barriers to Employment

While not specifically under the Family Support Act, there are within Title IV-A of the Social Security Act several requirements that create barriers to employment and family stability. These barriers cannot be ignored if we are to develop employment and training programs that lead to permanent employment and a path out of poverty for AFDC clients. Consequently, I would like to briefly discuss these requirements and their impact on families.

- The 100 Hour Rule (the two parent household penalty)

  The 100 hour rule makes AFDC-U two parent households automatically ineligible for AFDC if the principal wage earner works 100 hours a month regardless of the amount of wages. The rule discourages low income full time employment and employment of more than 100 hours per month but less than full time, as a means of entering the job market. This rule should be eliminated so that two parent families, at a minimum, can receive assistance after their income is budgeted to reduce cash assistance on the same basis as single parent families.

- The 30 +1/3 Earned Income Exemption

  Currently when an AFDC client becomes employed, the first $30.00 and 1/3 of the remainder is not counted in determining the amount of financial assistance for the first four consecutive months of employment. After receiving the 30 and 1/3 deduction for four months, only a $30 monthly disregard is allowed for the following 8 months. The result is a dramatic drop in take home income due to working. A four month support incentive is insufficient. Other alternatives to this formula include a delay of initial budgeting of earned income and the disregard of a flat amount or percentage for a time period sufficient to assist in transitioning to self-sufficiency.

- The $90 Employment Expense

  An employment expense of $90 is deducted from gross income to arrive at a net income figure for budgeting purposes. This is meant to cover taxes, other mandatory deductions, transportation, clothing, lunches and other expenses of working. Actual expenses of employment will often exceed $90.

- Connection to the Labor Force (Young Parents Two Parent family)

  For a two-parent household to be eligible for AFDC-U, one of the parents must be unemployed with a sufficient work history to establish a connection with the labor force. In the four years preceding AFDC application, the parent must have received earnings or gone to school for four quarters and received earnings in at least two more quarters. This rule adversely impacts most heavily on young parents, especially those who have focused on education rather than employment or those who have dropped out of high school and are unemployed. Let's carve an exception to this AFDC-U rule for young parents under 25.

- Self-Employment

  There are disincentives in the income regulations which prevent individuals for considering self-employment. For self-employed individuals, the asset limitation of $1,000 to remain eligible for public assistance obstructs the individual from acquiring capital or equipment for the business. Any funds earned by the individual in a self-employment venture cannot be reinvested into the business. Changing these regulations to remove the disincentives would allow self-employment to become a viable alternative for individuals on public assistance especially in economically depressed areas where other employment options are limited.

The Family Support Act has provided states with the framework they need to provide successful supports for AFDC clients. Extended Medical Assistance and Transitional Child Care provide families with the guarantees they need when entering employment to become economically independent. The new Title IV-A At-Risk Child Care funds further support very low income families in maintaining self-sufficiency. Long term education and training needed for young parents and families to leave the welfare rolls and escape poverty is a large step in the right direction. But the key to the future success of the Family Support Act in Illinois is the issuance of all available federal funds for the JOBS program as a grant to the states. This funding method would enable the states to fully address the intent of the Family Support Act, provide education, training, child care and other supportive services to welfare recipients and young parents, and more creatively address the prevention of AFDC dependency.

Thank you for your interest in this matter and the opportunity for me to present these issues at this forum.

Testimony
Illinois State Senator Alice Palmer

United States House of Representatives Ways and Means Committee

May 29, 1992
Chicago, Illinois

Good Morning. My name is State Senator Alice Palmer. I represent State Senate District 13 in the Illinois State Legislature. I would like to thank you for the opportunity to testify on behalf of the citizens in my district.

When the federal Family Support Act was adopted by Congress in 1988, Illinois took up the challenge. The Department of Public Aid formed a partnership with the advocacy community and worked to develop the most innovative employment training program ever implemented in Illinois. The process took 15 months of debate and negotiation to come to fruition.

While the plan that emerged was not perfect, it was viewed as a viable beginning. For the first time, the phrase "employment program" stood for hope, not another punitive hurdle that AFDC mothers were forced to overcome or another way to reduce the welfare rolls by limiting families' access to assistance. Instead, the new JOBS component of our old Project Chance program stressed basic literacy skills, recognized that education was essential to providing women and their families a real chance for self-sufficiency and emphasized jobs skills and training that would lead to a living wage, not just to any job.

Yet only 9 months after the program had begun with more clients requesting services than could be served, it was reported that the program had been seriously underfunded and without a supplemental appropriation or serious cost-containment measures the program would be out of funds before the end of FY 91. Additional funds were not forthcoming. Instead support service costs were cut by placing volunteers on rapidly escalating waiting lists.

Simultaneously, the State's budget woes - escalating costs and diminishing revenues - forced deep budget cuts in human service programs. Illinois' GRF FY 91 JOBS appropriation of $19.6 million slipped to $14.6 million in FY 92--a 25% reduction. Correspondingly,

federal reimbursements decreased 22%--from $24.5 million in FY 91 to an estimated level of $19 million in FY 92.

With the reductions in funds came a subtle change in the direction of the program. In FY 91, 8% of the active participants were involved in job search. Fewer dollars forced the program to rely more heavily on this component for participation rates. By FY 92, the average number of participants actively involved in job search each month had risen to 37%.

Without an additional influx of federal funds, the outlook for the program in FY 93 is even bleaker, as evidenced by the Governor's proposed budget. Participation rates for JOBS are held at the federal minimum for the enhanced rate - 18,000 active participants compared to 22,000 receiving services in FY 91. The current comprehensive statewide program is targated for replacement with one that effectively disenfranchises AFDC families in 75% of counties in the State and eliminates 25 innovative training contracts. And, the Governor wants to move all but the administration of the program to the community college system without accompanying State funds.

A mere two years into the program, policy makers have been forced to focus their energy not on upgrading the program and further customizing it to needs of Illinois' AFDC families, rather on service delivery for the least dollars and gimmicks to draw down more federal funds at the same time holding the State's general funds commitment constant.

Illinois' continued inability to allocate sufficient state revenue to the program to capture its entire federal allocation is a loss to AFDC families and to taxpayers alike. This same bleak fiscal forecast for the upcoming budget year has generated proposals to eliminate transitional payments to AFDC families designed to counteract retrospective budgeting, elimination of a grace period for noncooperation, cash grant levels held at the FY 91 level AND a JOBS program so poorly funded that volunteers - heads of AFDC families exempt from participation in the program voluntarily seeking education and employment assistance to become self sufficient - are turned away.

What could make a difference in Illinois? Repeal, either permanently or

temporarily, the required State match would truly give the JOBS program and its participants a SECOND CHANCE. Permitting Illinois to draw down the entire federal allocation for at least 24 months while holding the State's general funds commitment constant would give the State breathing room and provide meaningful employment and training opportunities for countless Illinoisans.

My office and I stand ready to work with you to provide Illinois AFDC families with the kind of program the framers of the JOBS program envisioned.

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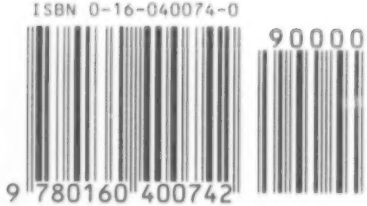
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